

Switzerland To Oppose Lawsuit by Nazi Victims

Central Bank Contests Authority of U.S. Courts To Judge Its Actions

By Alan Cowell

New York Times Service

BONN — A new battlefield loomed in the "Nazi gold" affair Friday when Switzerland's central bank served notice with unusual bluntness that it would fight a pending class-action lawsuit in the United States and disputed the authority of U.S. courts to judge its actions.

The lawsuit alleges that the Swiss National Bank "collaborated with Nazi Germany in the knowing receipt of looted assets," including gold, bonds and securities, according to Michael Hausfeld, a Washington lawyer involved in the suit. The suit has been prepared but not yet filed and does not specify an amount for restitution, he said in a telephone interview.

In a statement, the Swiss National Bank said: "We are resolved to oppose any such action, which would have no basis in law, with all the legal means at our disposal, particularly since we contest the competence of the U.S. courts in our case."

The move came just eight days after Switzerland's big three private banks agreed to negotiate what was termed a "global settlement" to halt three class-action suits brought by Holocaust survivors. Those suits seek \$20 billion in restitution of assets stolen by the Nazis and stashed in Switzerland during and after World War II.

Werner Abegg, a spokesman for the central bank, said the statement had been issued to "make it very clear that, even under the threat of a class-action suit, the National Bank as a public body, cannot

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Ryutaro Hashimoto, arriving at a meeting of Asian and European leaders Friday.

U.S. Stocks Breach the 9,000 Barrier

Unemployment Goes Up but Optimism on Economy Prevails

By Mitchell Martin

International Herald Tribune

NEW YORK — The Dow Jones industrial average topped 9,000 points for the first time Friday, reflecting seemingly insatiable demand for stocks from investors around the world.

Since the Wall Street rally began in 1995, the major U.S. stock averages have more than doubled. Among major European exchanges, only the Spanish, Swiss and Swedish markets turned in similar performances when measured in dollars. The Dow has advanced by about 13.5 percent so far this year.

Although some analysts are concerned that American stock prices have reached levels that do not reflect the values of the companies behind them, the market seems likely to move higher.

One influence is interest rates, which have been on a downward trend for the 1990s. Traditionally, interest rates decrease when economic growth slows, but American gross domestic product has been expanding at a lively pace.

Interest rates, however, also reflect market perceptions of inflation, and thanks to falling commodities prices and rising international competition,

prices for goods and services have not been rising much.

On Friday, there was some positive news on the inflation front, with a government report that 36,000 jobs disappeared in March, raising the unemployment rate to 4.7 percent from 4.6 percent. Analysts had been projecting an increase for March of more than 200,000, but a lot of the difference was laid to weather-related factors associated with the El Niño effect. Bruce Steinberg, chief economist at Merrill Lynch & Co., noted that the rate of job growth for the first quarter was 205,000, a level he considers sustainable for the long term.

The Dollar		
New York	Friday @ 3 P.M.	previous close
DM	1.8472	1.8538
Pound	1.6595	1.6635
Yen	135.10	133.45
FF	6.1913	6.2121

The Dow		
Friday @ 3 P.M.	previous close	
-8.71	8977.93	8986.64
S & P 500		
change	Friday @ 3 P.M.	previous close
+2.15	1122.16	1120.01

Low interest rates help the stock market.

They reduce the attractiveness of bonds for investors and they make it easy for companies to borrow money to finance expansion.

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Court Orders Papon to Pay \$750,000 Fees And Damages

By Craig R. Whitney

New York Times Service

PARIS — Maurice Papon, the former French civil servant who was convicted of being an accomplice to Nazi crimes against humanity during World War II, was ordered by a criminal court Friday to pay 4.6 million francs in legal fees and damages to the victims and their lawyers. The sum is the equivalent of \$750,000.

More than a score of lawyers representing 20 associations and 54 individuals who were complainants in the state's case against Mr. Papon asked the court to make him pay 12.5 million

francs in fees and damages. All the lawyers had been working for no money during the six months of the trial, which ended in a verdict Thursday.

The court, presided over by Judge Jean-Louis Castagnede, found Mr. Papon guilty of complicity in Nazi crimes against humanity because, as a French civil servant during World War II, he turned Jews over to the Germans in occupied Bordeaux.

It sentenced him to 10 years in prison, clearing him of charges of deliberately sending the victims to their deaths in Auschwitz as an accomplice to the Nazi plan for the elimination of all Jews from Europe. Mr. Papon, now 87, was secretary-general of the Gironde regional prefecture in Bordeaux for the Vichy collaborationist government during the war. He has appealed his conviction and can remain free at least until his case is tried in the appeals court in Paris, probably next year.

His trial, the first of a French civil servant on such charges and the longest

AGENDA

North America Goes on Daylight Time

Effective Sunday at 0700 GMT the United States and most of Canada will change from standard time to daylight time. Clocks in both countries will be moved forward one hour at that moment. During the summer, eastern daylight time will be four hours behind Greenwich Mean Time.

Yeltsin Wins Delay On Kiriyenko Vote

MOSCOW (Reuters) — Russia's Communist-led Parliament accepted an olive branch from Boris Yeltsin and, with a bit of constitutional conjuring, put off Friday's confirmation debate on Sergei Kiriyenko, 35, the president's nominee for prime minister.

The political uncertainty persuaded Mr. Yeltsin to postpone a planned trip to Japan on April 11-13 by one week, but the chief Kremlin spokesman said Mr. Yeltsin had no intention of giving way to calls from the Communists to form a coalition between the Communists and their partners in the Duma.

Davis Cup Surprise

BRATISLAVA, Slovakia — Slovakia took a 2-0 lead over Sweden, the defending champion, after the first day of their Davis Cup tennis series on Friday. Dominik Hrbaty beat Magnus Norman, and Karol Kucera beat Mikael Tillstrom. *Earlier article, Page 18*

Stanley Fischer of the IMF, with an adviser behind him, says a deal with Jakarta is close. Page 9.

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Denktash Prepares To Meet U.S. Envoy

ANKARA — Rauf Denktash, the Turkish Cypriot leader, met with U.S. officials in Nicosia on Friday to prepare for his planned talks with Richard Holbrooke, a U.S. special envoy, the Turkish Cypriot news agency reported.

"It was a very constructive meeting," Thomas M. DeGraw, the U.S. State Department's ambassador on Cyprus, said after meeting Mr. Denktash in the capital's Turkish sector.

Mr. Holbrooke was scheduled to arrive in Cyprus later Friday to talk with Mr. Denktash and Glavkos Klerides, the Greek Cypriot leader, to urge the two leaders to narrow their differences and the division of the island.

"The American people want this matter to end," said the lawyer, William Ginsburg.

Seeking to capitalize on the dramatic dismissal Wednesday of Mrs. Jones' sexual harassment lawsuit, Mr. Ginsburg said that the Whitewater prosecutor, Kenneth Starr, needed to consider the will of the country along with the facts and law.

To make his point, he scoffed at Mr. Starr's illusions Thursday to the fictional detective Joe Friday, played by the actor Jack Webb in the 1960s television show *Dragnet*.

"Mr. Starr, Jack Webb cared about not only the facts ma'am, but he also cared about the will of the people he was serving," Mr. Ginsburg said. "Mr. Starr, have you no shame? Facts and law are always subordi-

nated to the will of the American people."

But there were no signs that Mr. Starr would follow the recommendation. The New York Times and The Washington Post, quoting sources, said the federal judge overseeing the grand jury in the Lewinsky investigation gave Mr. Starr a boost this week by ordering Ms. Lewinsky's first attorney to testify and turn over certain documents, in a sealed decision concluding that the attorney-client privilege should be breached, sources familiar with the case said.

But the most significant part of the ruling by Judge Norma Holloway Johnson of U.S. District Court may be her reasoning in compelling the lawyer, Francis Carter, to comply with the subpoena from the independent counsel: The judge apparently concluded that Ms. Lewinsky may have lied in an affidavit by denying an affair with President Bill Clinton, sources told The Post.

Ms. Lewinsky plans to appeal the decision compelling her first lawyer's testimony, the sources said. As the client, Ms. Lewinsky is the

party who must assert attorney-client privilege. The details of Judge Johnson's decision remain murky because of a strict gag order she has placed on the matter. But the sources said that she had made her ruling under the "crime-fraud exception" to the legal principle of attorney-client privilege, determining that Mr. Carter must testify before the grand jury and release papers relating to his work for Ms. Lewinsky because she intended to commit fraud in the affidavit the lawyer prepared at her direction.

Under the ruling, Mr. Carter will have to produce his retainer agreement with Ms. Lewinsky and phone message slips, Mr. Ginsburg declined comment on Judge Johnson's order.

Mr. Carter's lawyer, Charles Ogletree, said that he would oppose "any effort by the government to pierce the attorney-client privilege" and that he would "use every available avenue to protect the interests of Monica Lewinsky, and to ensure Frank Carter isn't used as a witness against his client."

Meanwhile, the obstacles for Mr. Starr remain

daunting. On no fewer than four fronts, he is facing legal obstacles that already have delayed him and may stall the conclusion of the investigation for months longer. Whether it is the White House's use of "executive privilege" to restrict the questioning of presidential aides or a local bookstore's refusal to hand over credit card receipts, Mr. Starr is facing fierce and sometimes unexpected resistance.

Additionally, the trial-level judge overseeing aspects of the case has not yet ruled on whether Ms. Lewinsky should receive immunity based on an offer Mr. Starr's prosecutors supposedly made to her in January. Her lawyers insist that they had what should be considered a binding agreement. Mr. Starr contends that no deal was reached.

And Mr. Starr has been unable to question certain agents who patrol the White House or to review related documents. So far, he has chosen negotiation over a frontal legal challenge, which would pit his office against officials of the Justice Department.

On some of these battlefronts, Mr. Starr must decide whether to press his position to the utmost — and endure hearings, rulings and appeals stretching over months or longer — or negotiate for less.

Mr. Starr has said that the dismissal of Jones' sexual harassment suit will not affect his criminal investigation.

Returning from a 12-day trip to Africa, the president basked in the absence of a sexual harassment lawsuit that has plagued him since 1994. As he stepped off a helicopter late Thursday and walked up the South Lawn toward the White House, Mr. Clinton said: "This old place looks good. I'm glad to be home."

He declined to elaborate on the Jones ruling during a Rose Garden appearance Friday morning. "I'm going to try to do what the Supreme Court said I should do, which is not be in any way deterred by this, and I'm going on with my business. Others will comment on this."

(AP, WP, NYT, LAT)

Pope Urged to Act In Vienna Dispute

VIENNA — Roman Catholic bishops in Austria appealed to the Pope on Friday to act "very soon" to end a dispute over a cardinal accused of sexually molesting young boys.

In a statement, they also urged the cardinal, Hans Hermann Groer, 78, to refrain from undertaking any more duties associated with his post as archbishop.

Monsignor Groer also will take part in the pontiff's visit to Austria in June, said Cardinal Christoph Schoenborn, Monsignor Groer's successor as Archbishop of Vienna in 1996, when the accusations first surfaced.

NATO Chief Lauds Bulgarian Reforms

SOFIA — Javier Solana, the head of the North Atlantic Treaty Organization, said yesterday that Bulgaria had made a solid change in the Western defense alliance in future rounds of expansion.

Mr. Solana, after concluding a two-day visit to the Bulgarian capital, said that Bulgaria was moving in the right direction. He also lauded regional security and the fight in the Serbian province of Kosovo.

Reuters

DATE

30 to carry out and publish the final study of the social economic, regional and revenue consequences of the action in any five-year period.

Van Gogh Museum in Amsterdam will close Sept. 1 for an eight-month renovation. The new wing, which will double the current size, may open in 1999.

A group of U.S. battery makers, the Federal Aviation Administration, and passenger monitors are testing computers during flights, which may start in 1999.

Asia

BOGOTA — One of four Americans kidnapped last week at a roadside mounted by a unit of Colombia's largest guerrilla force has escaped from captivity.

The American, Thomas Fiore, 47,

was on a bird-watching outing 50

kilometers (30 miles) southeast of the capital with the three other Americans when they were captured by members of the group, called the Revolutionary Armed Forces of Colombia. He fled a guerrilla camp

in the remote area of El Calvario in central Meta state early Thursday. Mr. Fiore, 43, walked for hours through the mountains before he happened to encounter some Colombian television journalists, according to a report broadcast on Radionet.

He was tired but appeared to be in good condition, the report said. He was flown by military helicopter to a base in Apiai in eastern Colombia and later sent to Bogota.

It was not immediately clear how

Mr. Fiore had managed to escape.

• A federal judge sentenced the driver of the van used in the 1993 World Trade Center bombing to 240 years in prison without parole, saying his act "go forth and do great evil." The defendant, Eyad Ismoil, 26, also was ordered to pay \$10 million in restitution and fines of \$250,000.

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Follow-Through on Africa

President Bill Clinton put his 12-day trip to Africa to good use. His words on slavery, genocide and the struggle against apartheid resonated with American history and emotions. Mr. Clinton gave Africa new visibility and a more hopeful image.

He should now follow his messages of empathy with consistent political and diplomatic leadership. To help Africa effectively, Mr. Clinton ought to secure Senate support for his Africa trade and investment legislation, persuade congressional Republicans to restore foreign aid cuts and urge other Western leaders to write off the debts of some countries. He should also put more pressure on African leaders who thwart democracy, especially General Sani Abacha of Nigeria and Laurent Kabila of Congo.

The president usefully drew American attention to a continent that has too long been slighted by private investors. Washington policymakers and congressional aid committees. He repeatedly promoted a promising new vision of African development based on trade, investment and closer links to the global economy.

But private investment will not be enough to overcome decades of stagnation. The West and Japan must de-

liver on promises of debt relief for countries committed to reform, like Uganda, Burkina Faso, Ivory Coast and Mozambique. Forging debt lets these countries channel resources into social spending. The delay has come largely from Germany, Japan and Italy.

Mr. Clinton should lobby their leaders at next month's economic summit meeting of the industrial democracies. Reforming countries also need development assistance from the United States and other rich nations. The aid should be targeted to needs that private investment and domestic resources cannot meet.

Foreign aid can help overcome poverty and disease, and assist airport, road and seaport projects that attract more private investment. Recent U.S. cuts in development aid to Africa should be restored, bringing the total back to at least \$840 million a year, and American assistance should go mainly to countries committed to economic and political openness.

Democracy also needs American support throughout Africa. Where it exists, it is fragile. In the countries where most Africans live and most American trade and investment go, democracy remains a dream.

—THE NEW YORK TIMES.

The Papon Verdict

Maurice Papon, the second-ranking official of the Gironde region in Nazi-occupied France, was sentenced by a Bordeaux court Thursday to 10 years for complicity in crimes against humanity — the illegal arrest and deportation of Jews, almost all of whom were later killed. At the age of 87, Mr. Papon is the first high-ranking Vichy official to be tried since just after World War II, and is likely to be the last. The symbolism of his conviction is important.

His lawyers insisted that Mr. Papon had carried out the Nazi orders to arrest or deport Jews, mainly foreign-born, without enthusiasm, and that by collaborating he saved French Jews who would otherwise have been killed. The Nuremberg tribunals rejected a similar argument from Hitler's justice minister, Franz Schlegelberger. Midlevel

bureaucrats, who can always assert that worse things would have happened if they had not collaborated, make murderous regimes possible.

For decades France has clung to the comforting myth that the Resistance was the real France and that the Germans were to blame for Vichy's acts. Mr. Papon even served in postwar governments as Paris prefect of police and then budget minister. That myth has unraveled in the last few years, especially after the death of President François Mitterrand, himself a minor Vichy collaborator. As the first judicial decision establishing the guilt of an important Vichy official since immediately after the war, the Papon case will further France's progress in taking responsibility for its past.

—THE NEW YORK TIMES.

Keep Heat on Hun Sen

Now that Cambodia's deposed prime minister, Prince Norodom Ranariddh, has been permitted to return to his homeland, other nations may be tempted to declare victory and ease up on the difficult job of restoring democracy there. That would be a mistake, and a betrayal of Cambodia's people. Prince Ranariddh's return is a welcome development, the result of dogged diplomacy by U.S., Japanese, Thai and other officials. But it is only a first step.

Cambodia's "second prime minister," Hun Sen, engineered the coup d'état last July that sent Prince Ranariddh fleeing. Many other politicians also sought safety abroad, and for good reason: More than 40 supporters of the prince who stayed behind were killed.

Aid donors, who supplied half of Cambodia's budget, suspended much of their largesse, and the United Nations properly refused to seat Hun Sen's regime at the General Assembly last fall.

In an effort to escape this international isolation, Hun Sen has scheduled elections for July. But conditions for a fair and credible election do not yet exist — not even close.

No one has been brought to justice for the political murders of last summer, nor have the killings ceased. More than a dozen Ranariddh supporters

have been murdered since December, including one on the Saturday night before his return on March 30. Others have disappeared or been abducted, according to Human Rights Watch. Journalists have been threatened, and the press is cowed. In villages, few dare speak openly. The courts and election commission do not operate independently.

Prince Ranariddh's return followed a carefully arranged script: Hun Sen had his rival convicted in a show trial, and then the prince's father, King Norodom Sihanouk, issued a pardon. But the prince's presence will not mean much if he cannot rebuild his party, and that cannot happen if his followers live in fear of execution. The prince himself returned to Bangkok Friday, reflecting the pervasive climate of fear in Cambodia.

Elections can be credible only if human rights and poll monitors are permitted to return, if opposition politicians have access to a free press and if past murders and violations are punished. Outside friends of Cambodia are pushing for these conditions, and they may yet succeed. If they do not, they should maintain pressure on Hun Sen's regime and not settle for a phony, coup-validating vote.

—THE WASHINGTON POST.

What Missile Launcher?

Americans sweating over their tax forms may take some Schadenfreude pleasure in learning that their government's own books are a mess.

We are not talking here about misplaced dividend payments. The Pentagon, for instance, cannot find a \$1 million missile launcher, or a \$460,000 floating crane that, like the missile launcher, should be hard to miss. Some departments have not allotted nearly enough for pension obligations, while others have greatly underestimated the costs of environmental cleanups.

All this is contained in an audit of the federal bureaucracy commissioned by Congress and released Wednesday by the General Accounting Office. The fact that the United States cannot ac-

count for billions of dollars in government transactions and property infuriated Republicans. Vice President Al Gore, of "reinventing government" fame, found cause for hope, however. He said the audit could be "a road map to help us solve these problems."

But that may take some doing. The GAO itself admitted that it was impossible to define the government's assets and liabilities with any precision. It also gave a passing grade to the accounting practices of only seven of 24 government agencies it audited.

President Bill Clinton may have proclaimed the end of big government, but big or little, it still needs to know how its money has been spent.

—THE NEW YORK TIMES.

An Arrogant Careerist Who Just Followed Orders

By William Pfaff

PARIS — The verdict in France's trial of Maurice Papon for complicity in crimes against humanity — "guilty," but with a sentence of only 10 years — was apologetic rather than Solomon. It followed from the realization by the jury and by much of the public that they had the wrong man.

They wanted a man of recognizable evil, defiant in his crimes or contemptible in his evasions. What they got was an arrogant old man whose crime was to have been a careerist.

While the jury convicted him of the charge that had been brought, they did not impose the full possible sentence, life imprisonment, nor even the sentence the prosecutor demanded, 20 years in prison. They gave him half that, although the distinction is probably moot, since the convicted is 87 and his heart is bad.

He will not go to prison until the case has been appealed, which means that he may never serve the sentence.

The trial was meant to educate the young about Vichy and France's implication in the deportation of Jews to the death camps. It may be questioned whether the education was necessary. The French by now know all about Vichy. The lesson actually taught was how complicated history is.

Maurice Papon's principal defender asked how he could be the accomplice of a genocide he did not know was being committed. The defendant him-

self asked how the prosecution could demand a penalty of only 20 years when it held him responsible for a crime against humanity?

"Can there be 10, 15, 30 or 60

percent of a crime against humanity?

... It is all or nothing. Either I am guilty

or innocent."

Knowledge of genocide thus became

an important but misleading issue in

the trial. Some witnesses insisted that

Mr. Papon had to have known what

would happen to the deported Jews, or

known enough.

Some of his contemporaries, who

were in the Resistance, testified that they

had not known, and that the Gaullist

authorities in London did not know.

On the evidence of its conduct, the Ameri-

can delegation to Vichy did not know.

(The United States recognized the Vichy

regime as France's legitimate govern-

ment from the start and did not formally

renounce relations until January 1944.)

The most telling evidence about not

knowing was quoted from Raymond

Aron, one of the most distinguished

modern political thinkers, himself a Jew,

who was in London with de Gaulle.

Mr. Aron, who died in 1983, said

that, at the time, extermination by the

Germans of a whole category of hu-

manity was unimaginable. Simply be-

cause it could not be imagined, no one

imagined it — until the Allied armies

began to overrun the camps in 1945.

Mr. Papon did not have to know

about death camps to know that

something terrible was happening. He

knew that these men, women and chil-

dren were selected on "racial"

grounds to be taken away toward

something unknown and certainly bad.

What was his justification for continu-

ing to take part in Vichy's collabora-

tion with the Nazis, when what he was

doing resulted in self-evident evil?

He claimed to have been a resister.

He said that he was able to do more for

the Nazis' victims, and for the Resis-

tance, by staying in office than he could

have accomplished by leaving. Some

witnesses agreed; some objected.

When the war was over and the Free

French took control, he was summarily

assessed to be fit to remain in the civil

service. From that point he never

looked back, except once. Many years

later, when he had become a candidate

for ministerial office but rumors of

collaboration persisted, he submitted

himself to an informal "court of honor"

of Resistance leaders and was

passed, but rather grudgingly.

At his trial he claimed to be the victim

of a conspiracy, dominated by the Com-

munists. He had been head of the Paris

police in the war in Algeria, when Paris

experienced terrorism and riots

protesting French policy. He said the

Communists had hated him ever since

because, as head of the police, he was

their most effective enemy.

He also implied that Jewish organi-

zations were part of the conspiracy,

making a symbol of him, so that in

Bordeaux over the past six months it

was not the man who was being tried

but "the myth, elaborated over many

years, and by expert hands!"

It nonetheless was one of the lawyers

for the civil parties associated with the

prosecution, Arno Klarsfeld, who sur-

prised the court in his summation by

proposing the 10-year sentence, saying

that Mr. Papon did not deserve more.

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ment that they had the wrong man.

They had an ambitious functionary.

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was, would certainly be harsh.

He demonstrated the same animal

detachment and bureaucratic rigor that

all across Europe in the 1940s made the

organization and execution of great

crimes possible. That was the crime

proved, and the lesson taught: It is a

crime that continues to be committed

today.

The great crimes do not require great

villains. They are committed by those

who do not question.

International Herald Tribune

Los Angeles Times Syndicate

d Orders

as head of the police, he was so implied that Jewish organizations part of the conspiracy, a symbol of him, so that in the man who was being tried in my, elaborated over many years by expert hands! It was one of the lawyers, evil parties associated with the son, Arno Klarsfeld, who surmised in his summation by the 10-year sentence, saying Papon did not deserve more. It was an implicit acknowledgement that they had the wrong man. An ambitious functionary, on administered a despicable situation with the Nazis, simple a self-evidently evil policy of deporting people guilty of to a fate that whatever it old certainly be harsh. It demonstrated the same amorality and bureaucratic rigor that Europe in the 1940s made the possible. That was the crime and the lesson taught. It is a continues to be committed

eat crimes do not require great They are committed by those not question. International Herald Tribune
Los Angeles Times Syndicate

om Farce

men and women just like the rest of us. They do not have special rights to have \$200 harcarts on the runway in Los Angeles or pay hush money out of the White House to Watergate bunglers. We pay an enormous price for this defiance and bleeding of power, in efficiency and even in money. We frightened many competent people away from public life. And we the public then fell into disillusionment and cynicism about the original scoundrels, but also about the media and its proto-social exposers, and the fundamentalists who are unable to investigate and pillars the mighty. You are right to ask, measure of a measure of what end? But it is a way of reminding you, and ourselves, that frontier justice is always rough. It proves the fundamental Americanism. The price to be paid for distributing power is always smaller than the price to be paid for wrongdoing.

The incident occurred in Mantes-la-

After Decade Away, Americans Cautiously Trickle Back to Beirut

By John Lancaster
Washington Post Service

BEIRUT — In 1988, Sam Ibrahim left Lebanon for the United States. He acquired an American accent and, eventually, an American wife and passport. He joined Marriott International and climbed the corporate ladder, managing hotels in New York and Connecticut.

Three years ago, however, Mr. Ibrahim and his wife, Mariana, took a step that most of their friends regarded as, in her word, "nuts": They left their home in suburban Connecticut and moved with their teenage daughter to Beirut, where Mr. Ibrahim oversaw the completion and opening, in June 1996, of the city's first Marriott hotel.

"People in the United States have no idea what it's like here," said Mr.

Ibrahim, the Marriott's general manager. "They have such a major misconception."

Seven years after the end of the Lebanese civil war and more than a decade after most Western residents fled the capital under threat of kidnapping or assassination, Americans are cautiously returning to the onetime "Pearl of the Middle East," which seeks to regain its prewar standing as the hub of commerce and financial services — not to mention fun — for the entire Arab world.

Since the State Department lifted a ban last July on U.S. citizens traveling to Lebanon, the country has stirred growing interest from American businesses — chiefly construction and engineering firms — seeking to participate in its massive post-war rebuilding effort. The American Embassy last week reopened its consular sec-

tion — closed since 1989. The city's first McDonald's is due to open in the autumn.

The biggest changes have occurred on the stunning, cypress-studded campus of the American University of Beirut, a beacon of American influence in the Middle East since its founding by Protestant missionaries in 1866. The university's new president, John Waterbury, is the first to live in Lebanon since 1984, when gunmen assassinated one of his predecessors, Malcolm Kerr. Other Americans are expected to rejoin the faculty this summer.

"We appreciate this step very much," Prime Minister Rafik Hariri said of the lifting of the travel ban, adding: "We would like to see more of the Americans, not just McDonald's. We want to see more investment, more visitors, more cultural exchange."

That could take awhile. In the absence of

a comprehensive Arab-Israeli peace, the security situation is still uncertain in Lebanon, especially in the south, where Israeli troops occupy a portion of Lebanese territory as a buffer against attacks on northern Israel. The State Department warns Americans to avoid the Bekaa and the southern suburbs of Beirut, both of which are strongholds of the Hezbollah movement, whose forces carried out numerous attacks on U.S. interests during the civil war.

Last October, while Mr. Waterbury was visiting Beirut in preparation for moving here, several sticks of dynamite were detonated on the American University campus. After the attack, which caused minor damage, Mr. Hariri called on Mr. Waterbury to assure him it would not be repeated.

Security considerations aside, Lebanon's investment climate is clouded by

red tape and corruption, while oil states in the Gulf, such as Bahrain and the United Arab Emirates, have largely eclipsed the country in its traditional role as financial hub of the Middle East.

"I think the hardest thing for the Lebanese is to realize that it's not going to be the same as it was in 1972," said Monica Jubayli, 46, an American married to a Lebanese and a member of the American Women's Club, whose membership has slipped to 50 from about 600 in the 1960s.

In contrast to the good old days, most of the Americans who currently live in Lebanon are married to Lebanese citizens or, like Mr. Ibrahim, of Lebanese origin.

Lebanon has long exerted a powerful pull on Americans. After World War II, the U.S. government funded generous scholarships for Arab students wishing to study at the American University and related institutions. In the early 1970s, the U.S. Agency for International Development gave the university \$12 million to \$16 million a year.

With the rise of oil-based economies in the Middle East, American businesses gravitated toward Beirut, which complemented its liberal banking laws with Western-style living and easy flight connections to Europe. The U.S. Navy's 6th Fleet made twice-yearly port calls, recalled Thomas Schuller, a former headmaster of the International College, who received a State Department exemption that allowed him to retire here in 1992.

"We were 4,000 or so," Mr. Schuller, 80, recalled of Lebanon's vibrant American community in the 1960s. "At that time, America was a beloved country."

That changed during the civil war, when the United States' support for Israel earned it the lasting enmity of many Lebanese.

The U.S. Embassy was bombed twice. In the most notorious incident, a suicide bomber blew up the U.S. Marine barracks in October 1983, killing 241 Americans.

Since the end of the civil war in 1991, calm has returned to much of Lebanon, partly because of the presence of 35,000 Syrian troops. Under pressure from Damascus, Hezbollah has gotten out of the kidnapping business and reinvented itself as a national liberation movement with seats in the Lebanese Parliament.

Major companies that have sent repre-

sentatives here recently include Bechtel, Brown & Root, Parsons Brinckerhoff Quade and Douglas, Dewberry Davis and Clark Construction, Motorola and Citibank, according to U.S. Embassy officials. International Business Machines is competing for contracts to help Lebanese ministries computerize.

The U.S. Trade and Development Agency recently financed a \$130,000 study of the feasibility of converting two military airports to commercial use.

"I'd love to be here in five years," said Ambassador Richard Jones. "I mean, so much construction is going on, if peace really comes, and with the restoration of Lebanese sovereignty, this place could really take off."

Ranariddh Voices Doubt on Elections

PHNOM PENH — Ending his first visit to Cambodia since being deposed as first prime minister, Prince Norodom Ranariddh on Friday demanded improved security for July elections and raised the question of their fairness.

"I am not sure we will have elections or that they will be free and fair," he said at a news conference before leaving for Bangkok.

His five-day visit, brokered by Japan in an effort to ensure a credible vote, was marked by daily street clashes between hundreds of his supporters and opponents, and the prince was seldom able to leave his hotel.

"How can I say that I'm conducting an electoral campaign from a room in the hotel?" he said. (AP)

Veteran Dissident Seized in Beijing

BEIJING — Police detained a longtime opposition activist Friday who had asked the government to stop harassing dissidents and to authorize the formation of independent trade unions and a human-rights monitoring group.

Several police officers took Xu Wenli away for interrogation, said his wife, Ke Xintong. They said it was because of his "illegal activities," she said. (AP)

General Is Arrested As Chiapas Shaker

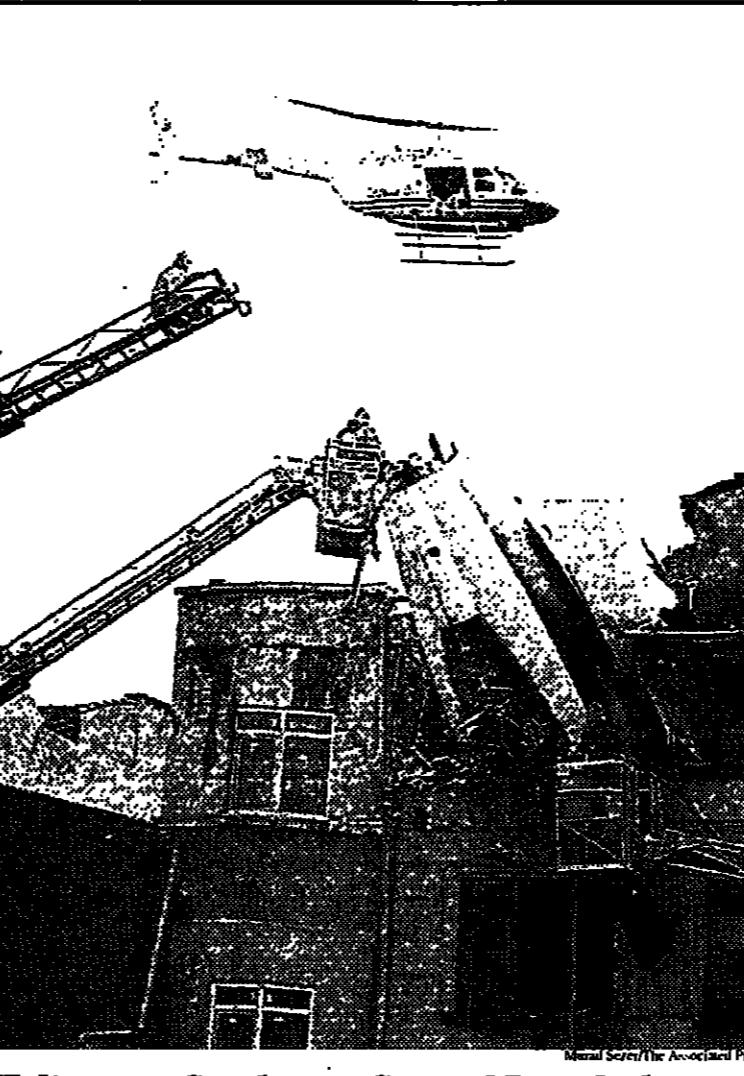
MEXICO CITY — A Mexican Army general has been arrested for allegedly failing to intervene to stop a massacre last December of 45 Indians in southern Chiapas state by paramilitary gunmen.

At the time, Julio Cesar Santiago Diaz, who was arrested Thursday, was acting chief of staff of the Chiapas state police. (Reuters)

High Court Clears Pakistani Leader

ISLAMABAD, Pakistan — The Supreme Court threw out contempt charges against Prime Minister Nawaz Sharif on Friday.

The charges, filed last year after he criticized a ruling of the court, set off a dispute that led to the removal of his primary adversaries, Chief Justice Sajjad Ali Shah and President Farooq Leghari. (AP)



Helicopter Crashes in Central Istanbul

Firemen working to get at a police helicopter that went down Friday after it reportedly was struck by water shooting up from a powerful fountain as it flew over the Golden Horn waterway. Three of the six officers aboard were killed; the other three were injured. The helicopter recently carried the prime minister.

Ex-Official at CIA Charged as a Spy And Extortionist

Reuters

WASHINGTON — Prosecutors said Friday that a former CIA employee, Douglas Groat, had been charged with espionage and that his lawyer had pleaded not guilty on his behalf to five charges, two of which could carry the death sentence.

A federal court in Washington ordered Mr. Groat held without bond until Thursday, when another hearing will take place.

A prosecutor, Eric Dubelier, said Mr. Groat could try to flee, was a danger to the community and had sensitive information that could gravely damage U.S. interests.

One of the charges is that Mr. Groat, who worked at the Central Intelligence Agency for 16 years, tried to extort more than \$500,000 from the CIA in return for not revealing secrets to foreign governments.

"During Groat's employment with the CIA he participated in classified covert operations aimed at the penetration of cryptographic systems of foreign governments," said a U.S. attorney, Wilma Lewis.

He allegedly passed to two unidentified foreign governments "national defense information relating to CIA targeting and compromise" of those governments' cryptographic systems.

"The alleged unauthorized disclosure of these activities could have a significant impact on the national security of the United States," Ms. Lewis said.

When he was asked about the Social

GREENS: Leader Assails Schroeder

Continued from Page 1

Christian Democrats of Chancellor Helmut Kohl in the voting, they will need an allied party to control the Bundestag and take office. The Greens, with their limited party discipline and declining position in the polls, would appear to be an increasingly complicated candidate for a stable government alliance.

This has meant that Mr. Schroeder almost on a daily basis has had to soften, but not renounce, his earlier remarks that he could lead a government with the Greens even if the coalition had only a single seat advantage in Parliament. For Mr. Fischer, these circumstances exemplified what he said was "the chameleonic" aspect of the Social Democrat candidate's politics.

"He wants to win," Mr. Fischer said. "never mind with whom. He likes the idea of a grand coalition with Christian Democrats if he is the senior partner. But it will be very difficult for him to win more seats than the CDU."

The criticism of Mr. Schroeder came as Mr. Fischer described himself as a man who, if he became foreign minister, would faithfully represent the government and the interests of the country. There would be no experiments, he said, and only continuity because "Germany is too big and too important to make experiments."

The notion that Mr. Fischer could become foreign minister in a Social Democrat-Greens coalition is widely accepted as a serious possibility throughout the party landscape in Bonn. Social Democratic sources, however, say that after having praised Mr. Fischer as a "smart strategic thinker," Mr. Schroeder's preferred choice now would be Rudolf Scharping, the Social Democratic parliamentary leader.

When he was asked about the Social

Democrat leader's concept of a power-sharing triangle including Britain — Mr. Schroeder has described the French-German relationship as "irreplaceable," but also as "this policy that lives on in this obligatory way" — Mr. Fischer dismissed Mr. Schroeder's foreign policy skills and offered a strong defense of the special German ties to France.

"France is frightened of the economic strength and the strengthened political position of a unified Germany," Mr. Fischer said. "It is a very proud country with some sort of German trauma. But the miracle is that Germany and France manage to work together, and this is what pushes Europe forward."

"The contradictions with France don't relate to France and Britain, but the United States and France. Our number one aim is the process of European unification. Europe can't solve its security problems, so we need the United States in Europe as a security guarantee against Russia and for internal European security problems. France doesn't share our view, but we've known this since the 1960s. So we have to balance it out."

In an interview with the International Herald Tribune well before he secured his party's nomination, Mr. Schroeder said, "I think the German-French axis, which was important and remains so for Europe, must become a German-French-British triangle." This approach, he explained, would make it easier for Europe's smaller countries to accept the leadership of the bigger states.

Mr. Schroeder said he did not feel that Mr. Kohl had placed too much emphasis on the French-German relationship. But he added: "I would like to see the policy that Mr. Kohl has represented — that we're Europeans because if we weren't the others will be afraid of us — run its course. I belong to a generation, and there are many others after me, who are Europeans not because they must be, but because they want to be."

Mr. Schroeder has also said that he would change nothing in the quality of the present German-American relationship.

Arms Inspectors Uncover Nothing At 8 Iraqi Palaces

The Associated Press

BAGHDAD — United Nations arms experts have successfully completed the first round of searches of President Saddam Hussein's eight palaces, the head of the diplomatic group monitoring the visits said Friday.

The mission was completed Thursday night after a second visit to the Republican Palace, the seat of the Iraqi government, Ambassador Jananah Dhanapala said.

"As far as the experts are concerned, they were able to fulfill their mandated task," he added.

The inspectors have been conducting a nationwide search since 1991 for information on Iraq's weapons of mass destruction, but were given access to the palaces only under an accord negotiated on Feb. 23.

They examined each of the 1,058 buildings inside the eight sites, but found most of them empty, even clear of furniture, said Charles Duester, the deputy head of the inspection team. He said that nothing prohibited was uncovered.

The diplomats will leave Baghdad on Saturday after agreeing on a report that Mr. Dhanapala will write and then submit to the UN secretary-general, Kofi Annan, in New York next week.

Antonio Monteiro, the Portuguese diplomat in the observers' group, said he saw a "good spirit of cooperation. The mission is accomplished."

Mr. Annan's envoy in Baghdad, Prakash Shah, said "some blips did occur" during the inspections but that they had been sorted out in the diplomats' presence.

JAPAN: U.S. Urges Tokyo to Change Policy

Continued from Page 1

of the measures his government intended to take.

In its credit warning, Moody's said it had altered its outlook on Japanese debt from "stable" to "negative" and may cut the country's top-flight credit rating. Such a downgrade of sovereign debt, virtually unprecedented for a major industrial country, would raise the cost of borrowing and further undermine the Japanese economy.

"Japan's plight hangs over this region like the sword of Damocles," said Bill Kaye, managing director of the Pacific Group fund-management firm in Hong Kong. "Unless Japan makes the necessary policy changes, there is a systemic risk that all Asian currencies will be revisiting their lows."

As one of Asia's largest regional investors and lenders as well as an important buyer of exports, trouble in Japan would delay recovery for the region's crisis-hit economies. Further currency turmoil in the region would force up interest rates, suffocating companies already struggling to repay loans.

Moody's said its move "reflects uncertainty about the ability of the authorities to achieve a policy consensus that would help promote a return to economic growth and fiscal balance."

It added that "continued weakness in domestic economic activity and emerging deflationary pressures" in Japan probably would "further aggravate long-standing structural weaknesses in the financial sector." After the Moody's report, the dollar rose above 135 yen, its highest level since September 1991. The yen recovered only after the Bank of Japan intervened. (Page 10)

Tokyo stocks dropped 3.3 percent, and South Korean stocks fell 4.2 percent as that country's currency, the won, slid 2.3 percent to a rate of 1,446 to the dollar. Stocks and currencies also fell in Singapore, Thailand, Malaysia and the Philippines. Hong Kong stocks fell, and there was renewed concern over

the territory's dollar-pegged currency. On Thursday, the Bank of Japan issued a pessimistic report on Japanese business confidence, which it said had fallen to a four-year-low. Sony Corp.'s chairman, Norio Ohga, angrily accused Japanese policymakers of pushing the economy to the verge of a "collapse" that he said could trigger a "world recession."

Given Japan's problems, economists sketched two bleak scenarios Friday for Asia's short-term economic future:

In the best case, economic realities highlighted by Japan's problems would wipe out recent gains made by the South Korean won and Southeast Asian currencies. In the worst case, a deep Japanese recession would spark off an economic and currency crisis with global reverberations.

"There is still time for the Japanese to avoid the worst case," said Cliff Tan, director of Asian economics at SBC Warburg Dillon Read, "but the current policymakers don't seem to be able to make changes. Right now the prospects do not look good." Even without more bad news, Japan's weakening currency could set off another round of regional currency devaluations, economists said.

A continued fall of the yen against the dollar — it has fallen about 4 percent this week — would muffle the impact of devaluations already made by Asia's crisis-hit countries and deny them a major market for their exports. Japanese and South Korean companies compete in many areas, and Japan buys more than 10 percent of the exports from each of the major economies of Southeast Asia.

"The rally of Asian currencies we've seen over the last two months was based only on the sentiment that policy changes will eventually be made," said David Fernandez, an economist at J. P. Morgan.

"The real economic news — that exports are not picking up — has been bad." Japan's troubles also could be exported if its banks refuse to open loans to the rest of Asia just when the region's exporters are in dire need of working capital, he said.

ART

Something for Everyone in the Finnish Wonderland of Music

By Barry James
International Herald Tribune

HELSINKI — Finland turns out great musicians — composers, conductors, singers and instrumentalists — the way France produces great chefs. And each summer, when the living is intense between the long, harsh winters, the country puts on one of the richest array of music festivals catering to most tastes.

What makes this thinly peopled nation of 5 million such a cultural hot-house?

Lassi Rajamaa, rector of the Sibelius Academy here, offered an explanation: "In terms of population," he said, "Finland is a small country. If we didn't have our culture and our language and our art you could almost say that we don't exist at all."

The academy, one of the world's largest and most advanced musical training centers, with 1,700 students and 600 full or part-time teachers, is at the pinnacle of a dense musical network. Finland has 150 special music schools, 11 conservatories, 30 orchestras of which several reach international level, and 11 permanent opera companies. Perhaps just as important, classical music has an audience.

"If you have a good school system,



The composer Aulis Sallinen.

you have a lot of professional performers, and you also have many people who never become professionals but become active concert goers," said Risto Nieminen, the artistic head of the many-sided Helsinki Festival.

The system is aimed not only at the

young, but also encourages adult music-making. Finland has a particularly rich tradition of choral music. Even during a severe economic recession in the beginning of the 1990s, the Finnish government continued to spend generously on the arts, including the completion of the Helsinki opera house and a program of public grants for young composers.

The Sibelius Academy teaches jazz, folk or church music as well as the classical idiom. It even offers courses for rock group managers.

Rajamaa says he encourages interaction among the various musical forms taught at the academy. Early next century, the school will move into a new center and concert hall in central Helsinki that will be designed to promote such cross-fertilization, he said.

One of the academy's leading professors, who enjoys almost guru status, is the conductor Jorma Panula, who teaches in an informal, almost instinctive, manner that orchestras need to be inspired rather than tyrannized into giving their best. Panula has taught most of the current crop of brilliant Finnish conductors, including Esa-Pekka Salonen at the Los Angeles Philharmonic, Jukka-Pekka Saraste at the Toronto Symphony and Sakari Oramo, who is taking over from Simon Rattle as music director of the Birmingham Symphony in England.

Jean Sibelius put Finnish music on the map. And the country's music scene still is strongly influenced by composers who have managed to bring up to date the 19th-century tradition of formal symphonic structure and melody — people like Aulis Sallinen, Einar Englund and Kalevi Aho. A group of younger composers calling themselves the "Ears Open Society" has succeeded in broadening the horizons of Finnish music and awakening a public interest in modernism.

The Finns sit uncomfort-

ably between two powerful neighbors, Sweden to the west and Russia to the east, and have managed to integrate a variety of diverse influences in their music while keeping an original national identity. The most popular classical record in Finland at the moment, incidentally, is a collection of Orthodox hymns by the Novospassky monastery choir in Moscow, despite the fact that Finns stoutly deny any influence from Russia, which ruled here until 1917. The second most popular disk is a selection of German lieder sung by the soprano Karita Mattila, one of the biggest names on the country's operatic scene.

Finland's most popular musical form, far from its roots on the River Plate, is the tango. More than 100,000 people are expected at the Seinajoki tango festival in July. And the Savonlinna festival from July 4 to August 2 has in the past 30 years become one of the world's most important opera celebrations. Productions this year include "Tannhaeuser," "Cavalleria Rusticana" and "Pagliacci," "La Forza del Destino" and the Convent Garden performances of "Peter Grimes" and "I Madagascari."

Sonny Rollins is one of the main attractions at the Espoo jazz festival next month. The town of Imatra is holding a big band festival from June 27 to July 4, and there will be more jazz at Pori from July 11 to the 19th. The brass band week at Lieksa at the end of July this year will celebrate the trombone.

Most of the festivals take place in July, the Finnish vacation month. When

they return to the capital, Finns can still look forward to the 17-day Helsinki Festival, from Aug. 21 to Sept. 6. Attractions include rock, jazz and world music festivals.

The city this year is celebrating the 100th anniversary of its best-known architect, Alvar Aalto, whose Finlandia Hall will be the scene for a series of classical concerts by world-class orchestras. The hall, a masterpiece of light and airy space, recently reopened after a \$5 million renovation intended to remedy its acoustic deficiencies. Visitors will also be able to see the city's new museum of contemporary art, scheduled to open in May.

A full list of Finnish music and arts festivals is available on the Internet at: www.festivals.fi.

Inge Morath Keeps Her Distance

By Sarah Boxer
New York Times Service

NEW YORK — Documentary photography is like sharp-shooting. What counts is not just what is shot, but how, where, with what weapon and at what distance.

Every photographer, Inge Morath explained, has an innate sense of distance. Robert Capa once said, "If your pictures aren't good enough, you aren't close enough." Henri Cartier-Bresson liked four meters between himself and his subjects, she said. Her own favorite distance is four meters, too, "but sometimes closer and sometimes farther." One thing she is certain of: "I don't zoom."

It is good to think about distance when looking at

Morath's exhibition at the Leica Gallery in Manhattan, because spatially her work is a paradox. It invites the question: How close can you get and still seem distant?

Morath, a 75-year-old Austrian-born photographer, has taken pictures of bullfighters in Pamplona, models in Paris, Bedouins in Baghdad, napkin-wearing Muslims in Isfahan, soldiers in Hangzhou and Marilyn Monroe and Arthur Miller (when they were still married) on the set of "The Misfits."

She has been a member of the Magnum photo agency since 1954. But she is not known for the decisive moment, like Cartier-Bresson, and she is not the intense dramatist that Capa was. Instead, she said, "I like to get people to be themselves." Sometimes that means drawing close enough

else," looking in one direction and pointing in another.

Despite Morath's preference for invisibility, her most entrancing shots are the ones in which her own presence is palpable. The photograph that made her reputation, taken in London in 1953, was a picture of a Mrs. Eveleigh Nash sitting in a coach, wrapped in furs, rugs and veils and attended by a protective driver standing outside the coach.

They are both staring straight at the photographer. The photo, a kind of three-way standoff, would have lost its edge, and its commentary on the bond between masters and servants, if Morath had waited for them to act natural.

"Inge Morath: A 75th-Birthday Celebration" remains at the Leica Gallery, 670 Broadway, through May 2.

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FROM THE HOLY MOUNTAIN: A Journey Among the Christians of the Middle East

By William Dalrymple.
483 pages. \$30. Henry Holt.

Reviewed by Michael Dirda

WHILE reading "From the Holy Mountain" I was periodically tempted to pronounce the magic words: William Dalrymple is as good a travel writer as Bruce Chatwin. Certainly, this splendid book should take its rightful place on the same shelf as Chatwin's "In Patagonia," Robert Byron's "The Road to Oxiana," Peter Fleming's "Brazilian Adventure" and Eric Newby's "A Short Walk in the Hindu Kush."

Like these similar classics, "From the Holy Mountain" features a young, attractive hero, a fund of amusing incidents and a peppering of real danger to lend piquancy.

But the Scots-Catholic author of this "journey among the Christians of the Middle East" also displays a marked moral seriousness: While Charwin, at his best, feels serenely timeless, Dalrymple is distinctly timely.

Starting from Mount Athos — the Holy Mountain — the author of the award-winning "City of Djinns" (a portrait of Delhi) hopes to retrace the wanderings of a seventh-century Orthodox monk named John Moschos. In a once-famous book, "The Spiritual Meadow," Moschos recorded not only sayings, anecdotes and miracles of the desert fathers he met, but also much about the social conditions of his time, creating, in Dalrymple's words, "the most rich and detailed portrait that survives of the Byzantine Levant immediately before the advent of Islam." On his own 1994 journey Dalrymple aims, insofar as possible, "to sleep in the same monasteries, to pray under the same frescoes and mosaics . . . God willing,

John Moschos will lead me on, eastwards to Constantinople and Anatolia, then southwards to the Nile and thence, if it is still possible, to the Great Kharga Oasis, once the southern frontier of Byzantium."

That last sentence, rich with the poetry of antique places, hints at Dalrymple's lyric side, but any expectation of a sentimental journey is soon dispelled. On Mount Athos itself, that most revered of monasteries, Father Christopheros explains that "three years ago, in the middle of winter, some raiders turned up in motorboats. . . . They had Sten guns and were assisted by an ex-novice who had been thrown out by the abbot. They got into the library and stole many of the most ancient manuscripts; they also took some gold reliquaries that were locked in the sanctuary." The whole tenor of "From the Holy Mountain" lies implicit in those sentences: The God-trusting, spiritual ideals and holy lifestyles of centuries past are finally being overwhelmed by nationalist extremists and religious zealots. John Moschos glimpsed the beginning of this gradual extinction of a Christian presence in the Middle East, while Dalrymple slowly acknowledges that he is seeing the beginning of the end.

In southeast Turkey the Syriac Christians were caught in the crossfire of a civil war, a distinct ethnic group trodden underfoot in the scrumming between two rival nationalisms, one Kurdish, the other Turkish. . . . In Lebanon, the Maronites had reaped a bitter harvest of their own sowing: their failure to compromise with the country's Muslim majority had led to a destructive civil war that ended in a mass emigration of Christians and a proportional diminution in Maronite power. The dilemma of the Palestinian Christians was quite different again. Their problem was that, like their Muslim compatriots, they were Arabs in a Jewish state, and as such

suffered as second-class citizens in their own country. Only in Egypt was the Christian population unambiguously threatened by a straightforward resurgence of Islamic fundamentalism.

Despite a periodic and unavoidable grimness — tales of children machine-gunned, monks hacked to death, religious communities dispersed — this book transports the fascinated reader smoothly into a vanishing world. In particular, Dalrymple excels at interlacing anecdotes from "The Spiritual Meadow," vignettes of eccentric characters, his own personal misadventures and considerable serious reporting.

Washington Post Service

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14 Most well-kept

15 Pour

16 "St. Elmo's Fire" actor

17 Raggedy — (dolls)

19 Newt

21 Drive

24 Component of "fully loaded"

25 Redresser

31 "Beat the Clock" TV host

32 Glanced at

34 Ferry terminus, maybe

36 Salsas

38 Marginal notation

40 Get off

41 Composed

42 Make (one's way)

43 Fact or factoid

44 Safari sight

45 Kind of review

46 Mail or fax

47 Injury around a horse's hoof

48 News head

49 Hindu incarnation

57 Birds-feather link

59 Best-selling computer game

61 Nibble

62 Stand in the sun, say

63 German one

65 Wriggly creature

67 Develop

68 Traffic caution

69 Freudian condens

71 Jaguars and such

72 "Live free —"

73 Snowfall

74 Lulus

75 Retailer's place

76 Anthony

77 Where home is

78 Adar's predecessor

79 Food eaten

80 Give as an example

81 French equivalent of the Oscar

82 Group of poems

83 Group of poems

84 Service sites

85 Impatience

86 Prince, e.g.

88 Sportscenter

89 "Funny Girl" co-star

90 "Go fly —!"

91 Weather stats

92 Maximum limits?

93 English novelist

94 Old Persians

95 Hunk

96 "Sister" (TV)

97 "Diana" (TV)

98 "Lara" (TV)

99 "Lara" (TV)

The Ease of the Night: A Casual Attitude In New York Fashion

By Suzy Menkes
International Herald Tribune

NEW YORK — With the revival of "Cabaret" the hot ticket on Broadway, you might expect a flood tide of sexy, slinky, sophisticated dresses in the fall shows. Instead, the fashion story is in the ease of the night.

The sweater shrugged over a ball skirt — an all-American classic — is back on the runways. And designers who were once known for uptown embellishment are giving their collections a new casual attitude.

It was all summed up by Oscar de la Renta's cream satin sports top worn with black broadtail pants as a key evening statement. The designer had also traded dressy and opulent jackets for the simplicity of a cashmere cardigan. Sure it came trimmed with sable. Or chinchilla. Or mink dyed rose pink and electric blue. But however luxurious, nighttime glamour has loosened up.

De la Renta didn't exactly go downtown, but there was a bohemian, rich hippie undercurrent to a collection that was shown against a backdrop of a Russian winter palace with autumn leaves rustling on the runway. Those russet foliage colors were picked up in velvet patchworks for coat and tunic with pants.

At the heart of the show were rich and ritzy fabrics, from the double-faced wool through fur that came as brief boleros with ballooning sleeves or as a generous trim. With most of the shades neutral, a gray cashmere twinset, trimmed with chinchilla and worn over a long satin skirt, had a throwaway dash.

"Luxury with understatement," said de la Renta, whose clients raved over the sweater dressing with lashings of fur. All except one: Ivana Trump, dressed to the nines in an hourglass Thierry Mugler suit.

"Less of the cardigans and more of the glamour!" she said.

How long has Bill Blass been pairing a cashmere sweater with an evening skirt?

"About 40 years," replied the designer, who made the look seem fresh when a big and bold black sweater went over a scarlet satin skirt. That red was a gauntlet of bright color thrown down in a fashion season of neutrals. The opening six-outfits, from bouclé coat with sporty drawstring belt through a zippered jacket and a crisp pea coat all came up scarlet, setting off the ubiquitous gray flannel.

In fact, Blass proved how versatile he is as a designer by using old gold corduroy and a seductive mix of camel with sky blue, and sending out a series of his signature tweed suits, rather than sticking to the beaten fabric path.

Sometimes the collection seemed a redux of European ideas, like the Aztec tapestry print courtesy of John Galliano. But



Oscar de la Renta's fur-trimmed sweater set and satin skirt.

chinoiserie reworked as a sporty press-stud jacket with bordeaux corduroy collar seemed fresh. And for evening, Blass tossed off those sweater-and-skirt combos, of one-shoulder knits and slender lacy skirts, like the fashion pro he is.

Evening dressing is easy. But what if a Hollywood type is in desperate need of a gown?

Badgley Mischka to the rescue! The designer does a specialty of re-creating modern glamour with a vintage touch.

A frozen forest of silvered trees was an enchanted background for slender dresses touched with a hoarfrost of embellishment. Antique glass beads formed droplets on lace jackets; crystal, metallic embroidery or caviar pearls of jet clung to the slender silhouettes. Yet for all the diverse decoration, the overall effect was surprisingly unfussy.

The secret was in the muted, moonbeam colors and in the simplicity of shapes that shadowed the body rather than outlining the curves. As they stepped out swinging tiny embellished purses, the models showed Badgley Mischka, without being especially original, to be masters of an evening genre.

Now that the lines between day and night have blurred, an insouciant mix of rich fabrics also seems modern. Rifat Ozbek's program notes were just a hand-painted card depicting a Turkish woman reclining in her decorative finery. It was a signal that the designer had gone back to his ethnic roots, producing an Oriental mix of print, color and texture. Cape shapes and slit sleeves added a whiff of medieval romance.

The Story of the 'Unknown' Collectors Dealers Say Americans Are Entering New Territory: China

Souren Melikian
International Herald Tribune

NEW YORK — Chinese art is looming ever larger in the Western psyche, but now here as large as in the United States. This was spectacularly demonstrated recently at auctions, at the Asian Fair that ended Wednesday and in the continuing shows put up in town by the most powerful dealers in the field.

At Sotheby's March 24 auction, more than half the lots went to Americans, said James Godfrey, director of the Chinese art department. Collectors who had not been known to take an interest in the Far East were stepping into new territory. A remarkable cast-iron figure of a demon dating from the 13th or 14th century was thus bought for \$96,000 by an American connoisseur with eclectic tastes but no previous connection with Chinese art.

A day later at Christie's, Americans were much in evidence. One of the finest bronzes, a wine ewer of the fifth or fourth century B.C. that sold for \$90,500, is now on its way to the West Coast. The very rarest porcelain piece, a 14th-century blue-and-white stem cup with a single dragon painted in dark blue went to a collector from the Northeast, at a cost of \$200,500.

Dealers told similar stories. Giuseppe Eskenazi, whose sales of objets d'art and sculpture by April 1 exceeded \$7.5 million — more than at Sotheby's (\$6.96 million) or Christie's (\$6.79 million) — marveled at the sophistication of buyers previously unknown to him who came in "off the street." One of the great works of art seen this month in New York, the figure of a Tang rider in polychrome pottery, went to an art lover from Arizona. A man from Illinois could not resist a gilt-bronze figure of a bear ferociously roaring, while a Texan settled for a \$90,000 gilt-bronze chimera of the third or fourth century. Add a fourth newcomer, who bought a striking \$145,000 gilt-bronze dragon of the sixth or seventh century, and no wonder Eskenazi was impressed by the surge of new buyers.

This experience was shared by the New York connoisseur-dealer James Lally. Born in Boston, and educated at Harvard, Lally headed Sotheby's Chinese art department for years and knows just about every established collector. Yet, he too sold pieces to buyers with whom he had never dealt. One of his rarest pieces, a green glazed Yue pottery figure of a man riding a chimera, probably of the third century, went to a New Yorker whose involvement in Chinese art is fairly recent.

This readiness to look at a wide range of works of art is typical of a small elite of American collectors.

Perhaps the most remarkable among them lives on the Eastern Seaboard. Equally at home with Guardi, Cézanne or medieval champlevé enamel, he turned to Chinese art within the last decade. The extraordinary bronze tapir of the sixth or fifth century B.C. — which was on loan to the Victoria & Albert Museum in London from 1991 to 1995 and which was a part of the Eskenazi show at 28 East 78th St. in New York — is now his, at a price rumored to have exceeded \$2.5 million.

It was also he who bought from Gisele Croes of Brussels, shortly before the Asian Fair opened, the unique Han bronze tree with swirling boughs (\$1.5 million) and the \$2 million silver inlaid food bowl of the fifth or fourth century B.C., among the most

head of a Buddha that was seen in the 1982 Metropolitan Museum show of the Morse Collection.

In earlier times, Chinese collectors (and dealers catering to them) refrained from touching fragments from religious monuments, perceived as desecrated or as colonial loot by those who were not Buddhists. Shifting their ground, the Taiwanese began to buy Buddhist sculpture in the late 1980s as a way of recovering their lost heritage. Soon they extended their new buying policy to previously taboo funerary figures and vessels.

On March 25 at Christie's the trend could be observed in full swing — Theow-Huang Tow, the international director of Christie's Chinese art department, may have had something to do with it. A

magnificent Shang bronze vessel of the *gu* type cost a Taiwan collector \$55,200. Half an hour later, Li Yin, the buyer of the stone Buddha head, set his sights on a Ming-period bronze figure of the seated Guanyin, 213 centimeters (84 inches) high. He paid \$310,500, underbid by the Hong Kong dealer Licky Leung. The return of Hong Kong to China may contribute to accelerating the movement to mainland China where it started slowly three or four years ago.

Hong Kong residents were certainly very active. A private buyer acquired the most expensive bit of Chinese furniture sold at auction last week, a \$244,500 pair of 17th-century huanghuali wood cabinets admirable in the purity of their architectural design. Another Hong Kong collector carried off an enameled snuff box decorated with a European subject, apparently for court use — the four-character seal mark of Qianlong (1736-1795) is visible on the underside. The tiny piece, 4.6 centimeters high, cost a hefty \$96,000.

Even the Japanese have not fully retreated from the Chinese art market. While some are selling, others are buying. The fabulous celadon dish with scalloped rim dating from the 14th or early 15th century that graced the T.T. Tsui Museum in Hong Kong until 1995 went to a Japanese collector who paid \$29,900 to get his coveted prey.

With this four-pronged base — the United States, Europe, the Chinese world and Japan, where collecting Chinese art has been part of its history since at least the fifth century B.C. — Chinese art is bound to stay on an ascending course. China is increasingly browning upon illicit digging. At the Asian Fair, a leading dealer was struck by two Chinese men who walked around and gazed at some excavated works, looking "really annoyed." Already, the flow of excavated masterpieces has slowed. The day it stops, the prices of early bronzes and pottery will explode.



A cast-iron figure of a seated demon was sold by Sotheby's at its March 24 auction.

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Solidarity Abounds at Asia-Europe Summit

By Barry James
International Herald Tribune

LONDON — Prime Minister Tony Blair pledged Europe's support Friday to help Asia through its economic troubles, saying it would "stick by" Asian nations in their financial crisis.

Mr. Blair, in a speech opening a two-day conference of leaders from Asia and Europe, said Europe could not afford to turn its back on Asia in a time of financial turmoil.

"We are not fair-weather friends," said Mr. Blair, whose nation holds the presidency of the European Union until June, "but partners for the long term."

ready to stick by Asia through thick and thin." Matching Mr. Blair's positive rhetoric, Prime Minister Ryutaro Hashimoto of Japan said that the fundamental strength of Asian economies "runs deep," and he pledged that Japan would take the "necessary economic measures" to put its own house in order and aid its neighbors.

Mr. Hashimoto, acknowledging that major concerns were being voiced about the health of the Japanese economy, said: "I would like to clearly state the following facts. First of all, the fundamental strength of the Asian economy runs deep. The current difficulties will be overcome in the not too distant fu-

ture, and Asia will most certainly return to a path of growth. The worst has come and gone, and we are now seeing new steps forward."

Second, he said, "Japan will take the necessary economic measures and, at the same time, provide assistance to the countries of Asia as well."

European Union leaders attending the meeting were "satisfied that the fundamentals are strong" in Japan, said Alastair Campbell, spokesman for Mr. Blair. "They do not believe that the Japanese economy is on the brink of collapse," he said, adding that "they have confidence in the ability of the Japanese people to work their way out."

of the economic crisis.

The Asia-Europe summit meeting of 25 nations is an encore to a 1996 meeting in Bangkok, held under drastically different conditions. Then, the Asian economies were riding high.

Several European and Asian leaders, particularly those from Belgium and Malaysia, spoke of the need to reduce what a European Commission spokeswoman described as "the vulnerability of domestic financial systems to potential shocks, including speculation-induced instability."

Asked if this meant that the leaders

See SUMMIT, Page 13



Prime Minister Costas Simitis of Greece, left, conferring with Indonesia's vice president, B.J. Habibie, Friday at the Asia-Europe session in London.

ECONOMIC SCENE



Marzena Warchol in front of her stand at the Europa bazaar in Warsaw, where business has been declining.

Poland's 'Ants' Decry Curb on Bazaars

Once Mainstay of Economy, Markets Wither Under EU Regulations

By Peter S. Green
International Herald Tribune

WARSAW — From the confines of stall No. 21 in the sprawling Europa bazaar at Warsaw's 10th Anniversary Stadium, Marzena Warchol has a good view of the inner workings of Poland's fifth-largest export industry.

Bundled against early-morning snow flurries in a shearing bomber jacket, the 23-year-old economics student looked at the dresses and skirts in her half-empty stall, at the empty alleys around her and at her meager takings for the day.

As Poland embarked in the early 1990s on a path of painful free-market reforms, bazaars such as Europa and others on Poland's borders with the former Soviet Union and Germany pumped vast amounts of money into the country, creating a shadow economy that helped keep Poland afloat.

But in January, Poland responded to a request from the European Union to help fight crime by tightening its border with neighboring Russia and Belarus and imposed stricter visa rules.

Requiring advance payment for room and board eliminated overnight many of the small traders who had made the bazaars into motors of the Polish economy as they poured over the border from the former Soviet Union to take Polish and other low-priced clothing, electronics goods and cosmetics back to markets starved for consumer goods.

Polish traders near Belarus blocked the border in protest against the new visa rules, and Warsaw was forced to backtrack. The rules were eased, but the Easterners have not come back. Many Polish traders still blame the government, asking why the EU, which is supposed to bring Poland prosperity,

is bringing it hardship instead.

But Miss Warchol, who is studying for a degree in economics, says nothing will bring back the Easterners.

After eight years, she says, the market is saturated. Her family has had the stand for nearly four years, paying 2,000 to 3,000 zloty (\$580 to \$872) a month in rent and doing four times that much in business from the stand, selling women's clothing designed and made in a small workshop her mother owns on the outskirts of Warsaw.

"When we opened the border, our friends from the East came and bought everything, good or bad; they didn't distinguish," she said. "Now, like every market does, it's gotten better, and they are looking for better quality and better prices."

"Our profits are falling because we have to lower our margins to keep the merchandise moving. It's a very competitive environment."

At a mobile snack bar nearby, the windows are piled high with breaded pork chops, mushroom crepes and other delicacies. Zbigniew, the owner, says his business was off by half this winter, mainly because of the visa problem.

"Three-fourths of my customers are guys from the East," he said, "and they're the ones we make a profit on, because they have to eat here. The Poles just go home for lunch."

At the bus depot by the market's gate, dispatchers said only two half-empty buses now made the daily trip to Minsk, instead of the three dozen or so buses that used to run the route.

Bohdan Wyzniewicz of the Gdansk Institute for Market Economics, who recently issued a report on the bazaar trade, said that while the bazaar traders may be suffering, Poland as a whole had not lost its Eastern markets.

"Probably, the total amount of trade between Poland and the East is not

diminishing," Mr. Wyzniewicz said. "Only the structure is changing." The "ants," as he calls the small traders, created tremendous consumer demand in Belarus and elsewhere, and now, he says, larger traders are taking over. They go directly to manufacturers, cutting out the bazaar middlemen.

"Practically, the amount of foreign currency being exchanged here has not changed over 12 months ago, so probably someone else is taking up the slack," Mr. Wyzniewicz said.

That's a lot of slack. A government study found that bazaars and other "unofficial trade" brought in a \$6.06 billion trade surplus last year, offsetting more than half of the country's official trade deficit of \$11.3 billion.

Mr. Wyzniewicz's study also found that 89 percent of the goods sold in the markets had been made in Poland, mainly by small private companies.

Economists and government officials agree that bazaar trade is suffering, but they argue that this is a necessary part of Poland's economic transformation.

"This phenomenon is temporary, so it should serve these traders as a source of capital accumulation," Mr. Wyzniewicz said. Then, he said, they could invest their capital in more legitimate businesses.

Piotr Nowina-Knapka, state secretary at Poland's Commission on European Integration, said Poland had to maintain its trade links with the East but at the same time to bring the trade out of the shadows and into the legitimate economy, where taxes would be paid on it.

Poland sees itself as the EU's "transmission belt" to the East, he said: "We speak Russian, we know how to drink vodka with the Russians, we understand their situation better than the Italians or even the Germans can."

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6-month 1.334 1.294 1.264 1.218 1.208 1.208

1-year 1.337 1.297 1.267 1.228 1.218 1.218

2-year 1.340 1.300 1.270 1.238 1.228 1.228

3-year 1.343 1.303 1.273 1.241 1.231 1.231

5-year 1.346 1.306 1.276 1.244 1.234 1.234

7-year 1.349 1.309 1.279 1.247 1.237 1.237

10-year 1.352 1.312 1.282 1.250 1.240 1.240

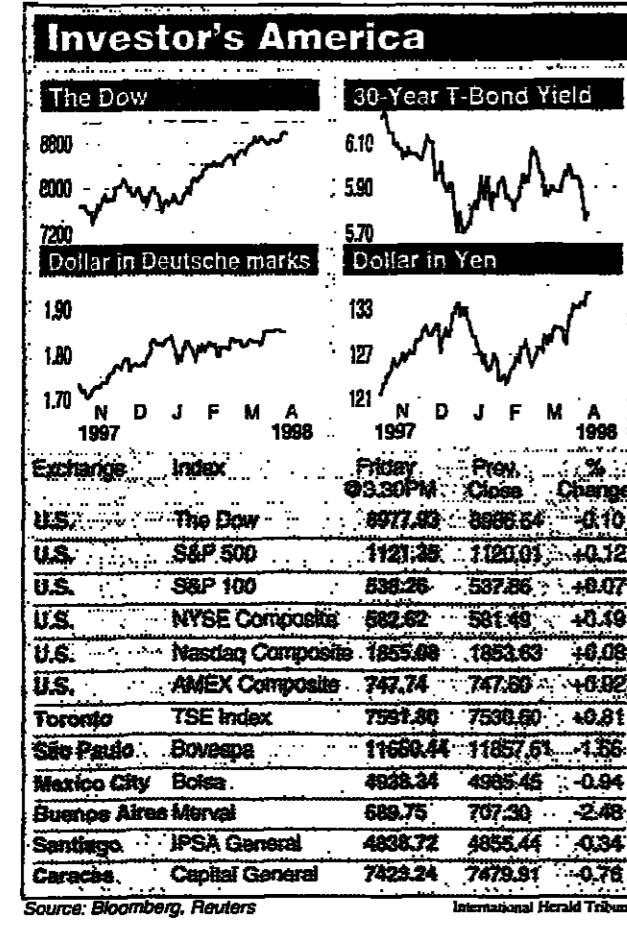
Source: Reuters; Bank of Tokyo-Mitsubishi; Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Forward Rates

30-day 60-day 90-day

Currency

30-day 60-day 90-day



GTE Shares Rise on News Of Shake-Up

By Seth Schiesel
New York Times Service

NEW YORK — GTE Corp. warned that it would post a loss for the first quarter and sell billions in assets as the big local telephone company continued to remake itself to compete in the increasingly hectic telecommunications industry.

The company also said Thursday that it had formally withdrawn its offer to acquire MCI Communications Corp., the 20 long-distance provider, for \$28 billion in cash. Many analysts already considered GTE's offer moot because MCI's shareholders last month approved a rival \$37 billion bid for the company from WorldCom Inc.

But GTE's offer technically remained on the table, partly because the MCI-WorldCom deal has not won approval from regulators. By formally withdrawing its offer, GTE could assuage investors who had worried that acquiring a company of MCI's size would seriously harm GTE's financial results over the next few years.

On Friday, GTE's stock was up \$1.375 in late trading at \$61.8125 on news of its reorganization. The company announced its plans after the stock market closed Thursday.

The company said it would take an after-tax charge of \$802 million to reflect the costs of an obscure Canadian accounting change previously announced staff reductions and aborted experiments in advanced video services.

Over the last six months GTE has announced that it would reduce its work force of 114,000 by about 1,500 positions, or about 1.3 percent. Many of those jobs will be cut from the company's wireless operation and as a result of the company's headquarters relocation from Stamford, Connecticut, to Irving, Texas, near Dallas.

GTE said Thursday that the job cuts would help the company reduce its annual costs by \$500 million by the spring of 2000.

The company also planned to reap between \$2 billion and \$3 billion by selling underperforming operations. Most of that money would come from the sale of between 1.1 million and 1.7 million of GTE's 21 million local phone lines to other carriers.

GTE provides local phone service in 28 states. People close to the company said the sales would be concentrated in 10 of those states.

"There is a relatively high amount of liquidity in the United

Dollar Gains on Yen but Slips Against Mark

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was higher Friday against the yen, lifted by turmoil in the Japanese economy, but it was off against the Deutsche mark and most other European currencies as U.S. employment figures pointed to a slowing economy.

The dollar was up 135.10 yen in 3 P.M. trading, up from 133.45 yen at the close Thursday.

The Labor Department figures, showing a drop of 36,000 in non-farm payrolls and an increase in the jobless rate to 4.7 percent from 4.6 percent, surprised the market, where expectations were for a rise of 250,000 jobs and an unchanged unemployment rate.

But the effects of the data should

be short-lived, according to Lisa Finman, a currency analyst at Smith Barney. She said she believed that there had been "above-normal" job creation in recent months and that the new figures were "just seasonal."

"We're still looking at a strong economy," she said, adding, "If we do get more signs of slowing in the next few months, the dollar might decline on European currencies."

Chris Iggo, an economist for Barclays Capital, said the number might be revised higher and therefore probably would not lead Fed policymakers to cut interest rates.

The dollar was also at 1.8472

DM, down from 1.8538 DM on Thursday, at 1.5243 Swiss francs, down from 1.5330 francs, and 6.1913 French francs, down from 6.2121 francs. The pound was at \$1.6659, down from \$1.6635.

Earlier in Tokyo, the dollar rose to nearly a seven-year high against the yen as the Japanese currency receded after the U.S. rating concern Moody's Investors Service Inc. cut its outlook for Japan's currency ratings from "stable" to "negative."

"Moody's was a big surprise," said Ms. Finman.

"G-7 and IMF leaders have been talking about the necessity of a reform for months. Now you see an important notation agency coming in. This increases the pressure on

Japan to do something," she said. Dealers said the market might move cautiously amid talk the Bank of Japan had been seen selling small amounts of dollars overnight via the electronic broking system.

Nonetheless, many dealers said chances of larger-scale market intervention were limited now, with the market so sure the dollar is going higher.

"It has been proven that the best thing central banks can do is smooth the moves and not reverse the market's direction," said John McCarthy, senior vice president at ING Barings Capital. Some dealers were talking about seeing the dollar near 140 yen in the coming weeks.

(Reuters, AFP)

DOW: U.S. Stocks Breach the 9,000 Level for First Time

Continued from Page 1

Many analysts are saying that as long as inflation is low and interest rates maintain their downward bias, stock prices will continue to rise.

"U.S. financial markets have attracted interest from foreign investors who have been prompted to believe that rising inflation is not now a concern and that before the year is over, lower interest rates may provide additional help to the U.S. equity market — which is facing a near-term slowdown in corporate profit growth," said Alan Ackerman, executive vice president of Fahnstock & Co.

Faith has been rising even though companies have started raising prices for their goods and services. This can be explained by rising productivity at companies that have learned to use technology and new methods of doing business to increase the amount of money they keep from their sales.

Michael Holland, an asset manager in New York, said \$66 billion recently had flowed into the United States from Europe. Continental money managers, he added, had largely missed out on the Wall Street rally in recent years, and they were allocating money to the U.S. market even though their own equities are having a good year. "That's not an accident," he added.

In Denver, Michael Gerding, an international portfolio manager at Founds Funds, said he thought there were better values available in Europe than the United States, although he said prices would continue to rise on Wall Street until interest rates showed signs of rising.

"There is a relatively high amount of liquidity in the United

States that is chasing stocks," he said. "That is going to continue to happen."

A lot of this money is related to retirement investing.

David Hale, chief economist of Scudder Kemper Investments Inc., wrote in a recent study that only a few countries had well-funded private pension programs despite a demographic shift that means "the ratio of retired people to working people is projected to rise dramatically" in coming decades. This means that most state pension plans will be unable to tax the generation then at work to pay for their parents' retirement.

With Asia's markets and economies suffering from the currency crises that began last year, nervous investors have turned to Wall Street and the European markets for their stocks. The obvious effect of this demand has been to push market indicators like the Dow to a succession of records, but a more important consideration may be that stocks are highly valued by historical measures.

A key valuation is to compare stock prices with corporate earnings. The typical way this is calculated is to take a company's overall operating profit and divide it by the number of shares outstanding. Dividing the price of the stock by earnings per share provides the

price-to-earnings ratio, probably the most widely used valuation today. According to Charles Hill, director of research at First Call Corp. in Boston, the stocks in the Standard & Poor's 500 index are trading at least 22 times their expected earnings for the coming year. That is well above the previous peaks in the last 30 years of 18.5 in 1991 and 18.1 in 1968, the latter a time that Mr. Hill said was similar to the current interest-rate environment.

Many analysts, bullish or bearish,

say that with interest rates and inflation so low, the record valuations are sustainable. Some, however, say they are more indicative of the demand for stocks than of the intrinsic value of the shares.

According to the Bank Credit Analyst, a Montreal-based publication that tracks investment markets, the average prospective price-earnings ratio for the past 50 years was 12. Martin Barnes, managing editor of the Bank Credit Analyst, said stocks in Europe and North America were trading at prices not justified by the fundamentals, by definition moving into the realm of speculative frenzy. Yet it is the nature of financial bubbles for prices to rise well beyond rational levels before they burst, and Mr. Barnes said stocks were probably not there yet.

"Go back to the situation of Japan in the mid-1980s," he said. "When the Nikkei first rose above 20,000, it started to look expensive," he said, but then it rose nearly to 40,000 points. At that time, he said, "people were trying to justify 40,000 as reasonable, but today we are back to 17,000."

■ **Indexes Hold Slight Gains**

The Dow was at 9,001.09 late

Friday, up 14.45, with advancing issues outnumbering declining ones by an 8-to-7 ratio on the New York Stock Exchange. The Associated Press reported.

Broader market indicators also were higher. The Standard & Poor's 500-stock index was up 2.76 points at 1,122.77, and the Nasdaq composite index was up 3.12 points at 1,856.08.

Among the biggest winners were banking and financial services stocks. Bank of Boston, Chase Manhattan and Merrill Lynch were sharply higher. Bond prices also rose on the outlook for stable interest rates. The benchmark 30-year Treasury bond was at 104.30/32, up 30/32, pushing the yield down to 5.77 percent from 5.81 percent Thursday.

(Bloomberg, AP, Reuters, WP)

Very briefly:

• Fidelity Investments, the world's biggest mutual-fund company, said net income rose 27 percent last year to a record \$535.6 million, bolstered by profit from sales including a stake in a telecommunications company, a credit-card business and a chain of art galleries.

• Sunbeam Corp. shares were off 22 percent, or \$10.125, at \$35.4375 in late trading after the company posted a 5 percent drop in first-quarter sales and fired its head of consumer products.

• Dell Computer Corp., America's largest direct seller of personal computers, agreed to pay an \$800-million penalty to the Federal Trade Commission for failing to include a software package as promised in ads for its desktop computers.

• Zenith Electronics Corp. will dismiss 400 of the 2,300 workers at a picture-tube plant, or 4 percent of its total work force, the television maker reported a big 1997 loss this week that raised doubts about its ability to survive.

• Astoria Financial Corp. agreed to buy Long Island Bancorp Inc. for about \$1.8 billion in stock, creating the second-largest banking company on New York's Long Island, after Chase Manhattan Corp.

(Bloomberg, AP, Reuters, WP)

Carnival Corp. to Buy Cunard

Compiled by Our Staff From Dispatches

MIAMI — Carnival Corp. said Friday that it and a group of investors would buy the Cunard cruise ship line from the Norwegian shipbuilder Kvaerner ASA for \$500 million, creating what it said would be the world's largest luxury cruise line.

Carnival, a Miami-based cruise operator, said it would merge Cunard with Seabourn Cruise Line, which Carnival owns in partnership with the Norwegian entrepreneur Arie Brynestad. Among Cunard's cruise ships is the Queen Elizabeth 2 and Royal Viking Sun. Carnival shares rose \$2.125 to \$74.125 in late trading.

(Bloomberg, Reuters)

AMEX

Friday's 3:45 P.M.

The 300 most traded stocks of the day.

The Associated Press.

Stock Sales High Low Lastc Chg% Cny

AMC 207 228 224 -12 -5.4% 10.25

AT&T 100 125 125 125 0.0% 10.25

ATT Pd 125 140 127 140 1.4% 10.25

Austin 200 220 220 220 0.0% 10.25

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Japan to do something," the spokesman said. "Dealers said the market of Japan had been seen selling off amounts of dollars overnight in electronic broking system. Nonetheless, many dealers' chances of larger-scale market intervention were limited now, the market so sure the dollar is higher.

"It has been proven that the moves and not reverse the market's direction," said John J. McCarthy, senior vice president of Baring's Capital. Some dealers are talking about seeing the dollar's 140 yen in the coming weeks. (Reuters)

Foothold in Brazil For Telecom Italia

Bloomberg News

BRASILIA — A group led by Telecom Italia SpA will pay 520 million reals (\$47 million) for the right to operate cellular phone services in the state of Minas Gerais as a result of the government's second mobile phone auction in a week.

The price is 30 percent above the minimum set by the government. The Italian group will compete with Telecomunicacoes de Minas Gerais SA, the local state-controlled operator.

On Tuesday, the government sold a license to operate cellular phone services in the states of Rio de Janeiro and Espirito Santo to Algar, a Brazilian-South Korean group, for 13 billion reals.

Friday, up 14.45, with advances outstripping declines on by an 8-to-7 ratio on the New York Stock Exchange. The Associated Press reported.

Broad market indicators were higher. The Standard & Poor's 500 index was up 1.76 points at 1,122.77, and the Dow Jones composite index was up 5.12 points to 1,136.08.

Among the biggest winners were banking and financial service stocks. Bank of Boston, Chase Manhattan and Merrill Lynch were sharply higher. Bond prices were on the outside, for both areas. The benchmark 30-year Treasury bond was at 114.300, down 1.200, pushing the yield down to 8.51 percent from 8.51 percent Friday.

U.S. Boom Is a Boon for German Carmakers

Bloomberg News

FRANKFURT — Surging demand for German cars in the United States is helping to keep the export-led recovery in Europe's largest economy on track as it absorbs declines in Asian markets.

Daimler-Benz AG, Bayerische Motoren Werke AG and Volkswagen AG all posted higher U.S. sales for March. Daimler-Benz's Mercedes brand recorded its best U.S. sales ever in the month, amid strong demand for its M-Class sport-utility vehicle. VW's sales have been bolstered by the introduction of the new Beetle.

Germany's export-dependent growth could have been threatened by the Asian economic downturn, which economists estimate will curtail 1998 exports by 2 percent. Still, stronger sales of German goods in North America and Europe are expected to help Germany's economy grow by 2.5 percent to 3 percent this year.

"Germany's primary export market, Europe, is growing strongly," said John Browne of British Petroleum PLC. Jean-Marie Messier of Generale des Eaux SA, and Mark Woessner of Bertelsmann AG to the board.

Daimler's Foreign Board Members

Compiled by Our Staff From Dispatches

STUTTGART, Germany — Daimler-Benz AG said Friday it planned to add two non-German executives to its supervisory board to reflect the company's increasing international presence.

The company appointed John Browne of British Petroleum PLC, Jean-Marie Messier of Generale des Eaux SA, and Mark Woessner of Bertelsmann AG to the board.

Compiled by Our Staff From Dispatches

Mr. Brown, Mr. Messier and Mr. Woessner will replace Johannes Sennler and Roland Schelling as well as Hubert Curien, a Frenchman who was the only previous non-German on the board.

Daimler-Benz also said profit last year jumped to 8 billion Deutsche marks (\$4.3 billion) from 2.8 billion DM the year before as it recorded a one-time tax gain of 4.9 billion DM. (Bloomberg, Reuters)

Compiled by Our Staff From Dispatches

which will partly cancel the Asia effect," said Gerhard Grebe, an economist at Bank Julius Baer (Deutschland) AG. "Of course, America is also contributing."

The dollar rose 16 percent against the Deutsche mark last year, allowing German carmakers to offer their products at more competitive prices.

The German car industry, which had been looking to Asia to bolster growth as sales in Europe slow, has

reined in sales forecasts for the region and put planned investments on hold.

The car-parts maker Robert Bosch GmbH is the only member of the German car industry to have bought a stake in a South Korean company. Carmakers such as BMW, VW and Mercedes-Benz are all pessimistic about car sales this year in the region. BMW said Asian sales may fall as much as 10 percent — less than a year after

all three carmakers hailed the region as the next major growth market.

Daimler, Germany's largest industrial company, has said it has not been hit by the Asia crisis yet but "is watching the situation closely."

The crisis "will be over in the next two to three years," Daimler's chief executive, Juergen Schrempp, has said. Daimler hopes to increase the share of its revenue that comes from Asia to 25 percent from 8 percent in the medium term.

The U.S. forecast, however, is considerably brighter.

Peter Worel, an analyst at Bayerische Landesbank Giroszentrale in Munich, said, "Generally speaking, foreign sales have been strong for VW, Mercedes and BMW, but the U.S. market is increasingly gaining in significance."

Daimler said Thursday that its U.S. sales surged 69 percent last month, to a record for March of 16,303 units. VW's March sales rose 44 percent, to 16,765, while BMW's sales in the month rose 6 percent, to 12,239.

Volkswagen Ups Ante for Rolls-Royce

Compiled by Our Staff From Dispatches

LONDON — Volkswagen AG said Friday it had submitted a new offer for Rolls-Royce Motor Cars to compete with Bayerische Motoren Werke AG's preferred bid, opening the way for a fight to the finish for the famous British car maker.

A spokesman for Volkswagen, Kurt Rippoll, confirmed that VW had increased its offer but declined to reveal the value of the bid. In London the owner of Rolls-Royce, Vickers PLC, said it was holding exclusive talks with BMW and could not consider unsolicited offers before the end of April.

The German business newspaper Handelsblatt quoted an unnamed spokesman for Volkswagen on Friday as saying the company had increased its offer from 1.2 billion Deutsche marks to 1.3 billion DM (from \$649 million to \$703 million) and had committed to making "significan

investments in the future."

Vickers began the week by announcing its preferred BMW's offer of \$340 million (\$567 million). But as the weeks wore on, Vickers said that while the offer from BMW was "the only bid on the table," the door was "still open."

"If a higher offer was put to us, shareholders, we would have to consider it," Vickers said.

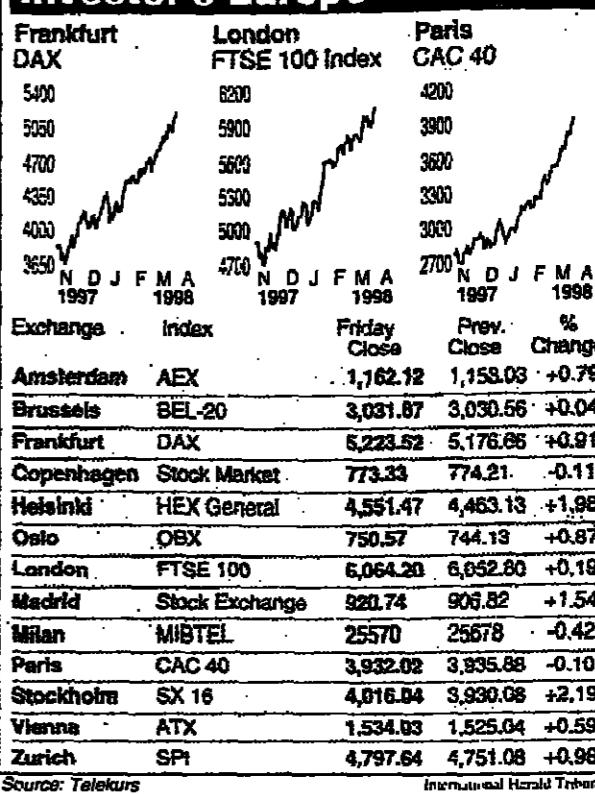
Volkswagen, by confirming the counterbid for the pride of the British motor industry, was also seen to be stoking the fires of a potential

Volkswagen, meanwhile, is signaling it is undaunted by warnings from the president of BMW, Bernd Pischetsrieder, that his company, which supplies engines to Rolls-Royce, could bring the British company's production to a halt.

The head of Volkswagen, Ferdinand Piëch, who has a reputation as a tough negotiator, appeared unmoved by a possibility that the separate Rolls-Royce engine group, which is allied to BMW, might pose legal objections to use of the Rolls name if BMW were pushed aside.

Vickers' shares closed Friday in London at 23 cent, up 6.5. VW shares rose 76 DM in Frankfurt to close at 1,536 after touching a record of 1,586 during the day. BMW's shares closed at 2,218 DM, up 29. (Reuters, AFP)

Investor's Europe



Source: Telekurs

International Herald Tribune

Very briefly:

• **Sociedad de Participaciones Industriales**, a Spanish government holding company, said the utility Endesa SA would buy back 8.2 percent of its shares for about \$31 billion pesos (\$10 billion) and said the holding company would sell to the public the 33 percent of Endesa that it still owned in an offering that could bring it \$8.8 billion.

• The European Commission warned Cegetel, a French consortium that has a telecommunications venture with the French national railway company, that rival companies must be given access to networks laid along railroad tracks. The German consortium Mannesmann Arcor is to get a similar warning.

• Deutsche Telekom AG and union representatives reached a wage agreement that gives the phone company's workers a 1.5 percent salary increase retroactive to Jan. 1. They also agreed on conditions for early retirement.

• The Vienna Stock Exchange will adopt Deutsche Boerse AG's Xetra electronic trading system next year; the two exchanges will also establish a cash market in Vienna to trade shares of Eastern European companies. Separately, the French derivatives exchange Matif SA will postpone the introduction of its electronic trading system until Tuesday and will slash fees 57 percent as part of the start of the service.

• Generale des Eaux SA's shares surged 8.6 percent to a record 1,129 French francs (\$182.10) after the company said profit would rise 30 percent this year, driven by its \$5.5 billion purchase of Havas SA, France's biggest media company.

• Galeries Lafayette SA's 1997 earnings rose 18 percent, to 647 million francs, as sales excluding value added taxes collected rose 5.4 percent, to 30.35 billion francs. But the company said it was "extremely prudent" about consumer spending in its outlook for 1998.

• The Bundesbank's president, Hans Tietmeyer, urged Italy and Belgium to do more to cut their national debts in his testimony to parliamentary committees.

Bloomberg, Reuters

U.S.-French Air Talks Near Pact After 6 Years

Compiled by Our Staff From Dispatches

PARIS — The United States and France are close to an agreement on expanding access to one another's aviation markets, airline executives said Friday, a move that could stir trans-Atlantic competition and push down fares.

After six years of stalemate, France has agreed to allow more U.S. passenger flights over a period of five years while it returns it to us." The agreement in principle on

passenger traffic consists of a five-year "transition period" that allows controlled growth in the trans-Atlantic market before opening up Air France to market competition in a bilateral "open skies" agreement.

Under terms of the pending deal, U.S. airlines will be able to add nine daily flights to France in the transition period to their current total of 148 flights a week. Air France will be allowed to match that capacity increase and to bring its 79 weekly

U.S. flights up to the current level of 800 operations.

One key issue remaining in negotiations is access to Orly Airport, Paris's second airport after Charles de Gaulle.

The French government has been trying to group all non-French carriers to Air France, a move that would throttle American Airlines' hopes of tapping into Air Liberte's extensive network in France.

(Bloomberg, Reuters)

Credit Lyonnais Opposes Possible Takeover by Deutsche Bank

Bloomberg News

PARIS — Credit Lyonnais SA said Friday it would resist any move by Deutsche Bank AG to buy it from France, a move that would turn the German bank into the world's biggest, with assets of \$800 billion.

Deutsche Bank indicated Thursday it was considering a friendly offer for Credit Lyonnais, which the government has agreed to sell as a condition for approval by the European Union of a bailout costing

more than 100 billion French francs (\$16.13 billion).

Buying Credit Lyonnais — which would cost an estimated 40 billion francs — would give Deutsche Bank access to the French market and make it the dominant company in Europe for consumer banking.

It also would provide the French bank with resources to build up its French network, allowing it to better compete with large rivals such as Banque Nationale de Paris SA.

"Such an alliance would be good for both banks," said Keith Baird, an analyst at Eustekla Securities in London. "Credit Lyonnais's management, however, doesn't want the bank to be sold to someone else after working hard to restructure it."

Credit Lyonnais said it would prefer to be sold in an initial public offering, which would make it more difficult for another bank to take it over and would allow the managers to retain control.

(Bloomberg, Reuters)

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NYSE

Friday's 3:45 P.M.
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

• Nationwide prices not reflecting late trades elsewhere.

The Associated Press

Continued on Page 14

صِدْرَانِ الْأَرْجَلِ

NASDAQ

Friday's 3:45 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

NASDAQ											
12 Month		12 Month		12 Month		12 Month		12 Month		12 Month	
High	Low	Stock	Div	Yld	PE	1000 High	Low/Lated	Chg	High	Low	Stock
152	142	ABX				152	142	-10	152	142	ABX
150	140	ABX				150	140	-10	150	140	ABX
148	138	ABX				148	138	-10	148	138	ABX
146	136	ABX				146	136	-10	146	136	ABX
144	134	ABX				144	134	-10	144	134	ABX
142	132	ABX				142	132	-10	142	132	ABX
140	130	ABX				140	130	-10	140	130	ABX
138	128	ABX				138	128	-10	138	128	ABX
136	126	ABX				136	126	-10	136	126	ABX
134	124	ABX				134	124	-10	134	124	ABX
132	122	ABX				132	122	-10	132	122	ABX
130	120	ABX				130	120	-10	130	120	ABX
128	118	ABX				128	118	-10	128	118	ABX
126	116	ABX				126	116	-10	126	116	ABX
124	114	ABX				124	114	-10	124	114	ABX
122	112	ABX				122	112	-10	122	112	ABX
120	110	ABX				120	110	-10	120	110	ABX
118	108	ABX				118	108	-10	118	108	ABX
116	106	ABX				116	106	-10	116	106	ABX
114	104	ABX				114	104	-10	114	104	ABX
112	102	ABX				112	102	-10	112	102	ABX
110	100	ABX				110	100	-10	110	100	ABX
108	98	ABX				108	98	-10	108	98	ABX
106	96	ABX				106	96	-10	106	96	ABX
104	94	ABX				104	94	-10	104	94	ABX
102	92	ABX				102	92	-10	102	92	ABX
100	90	ABX				100	90	-10	100	90	ABX
98	88	ABX				98	88	-10	98	88	ABX
96	86	ABX				96	86	-10	96	86	ABX
94	84	ABX				94	84	-10	94	84	ABX
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88	78	ABX				88	78	-10	88	78	ABX
86	76	ABX				86	76	-10	86	76	ABX
84	74	ABX				84	74	-10	84	74	ABX
82	72	ABX				82	72	-10	82	72	ABX
80	70	ABX				80	70	-10	80	70	ABX
78	68	ABX				78	68	-10	78	68	ABX
76	66	ABX				76	66	-10	76	66	ABX
74	64	ABX				74	64	-10	74	64	ABX
72	62	ABX				72	62	-10	72	62	ABX
70	60	ABX				70	60	-10	70	60	ABX
68	58	ABX				68	58	-10	68	58	ABX
66	56	ABX				66	56	-10	66	56	ABX
64	54	ABX				64	54	-10	64	54	ABX
62	52	ABX				62	52	-10	62	52	ABX
60	50	ABX				60	50	-10	60	50	ABX
58	48	ABX				58	48	-10	58	48	ABX
56	46	ABX				56	46	-10	56	46	ABX
54	44	ABX				54	44	-10	54	44	ABX
52	42	ABX				52	42	-10	52	42	ABX
50	40	ABX				50	40	-10	50	40	ABX
48	38	ABX				48	38	-10	48	38	ABX
46	36	ABX				46	36	-10	46	36	ABX
44	34	ABX				44	34	-10	44	34	ABX
42	32	ABX				42	32	-10	42	32	ABX
40	30	ABX				40	30	-10	40	30	ABX
38	28	ABX				38	28	-10	38	28	ABX
36	26	ABX				36	26	-10	36	26	ABX
34	24	ABX				34	24	-10	34	24	ABX
32	22	ABX				32	22	-10	32	22	ABX
30	20	ABX				30	20	-10	30	20	ABX
28	18	ABX				28	18	-10	28	18	ABX
26	16	ABX				26	16	-10	26	16	ABX
24	14	ABX				24	14	-10	24	14	ABX
22	12	ABX				22	12	-10	22	12	ABX
20	10	ABX				20	10	-10	20	10	ABX
18	8	ABX				18	8	-10	18	8	ABX
16	6	ABX				16	6	-10	16	6	ABX
14	4	ABX				14	4	-10	14	4	ABX
12	2	ABX				12	2	-10	12	2	ABX
10	0	ABX				10	0	-10	10	0	ABX
8	0	ABX				8	0	-10	8	0	ABX
6	0	ABX				6	0	-10	6	0	ABX
4	0	ABX				4	0	-10	4	0	ABX
2	0	ABX				2	0	-10	2	0	ABX
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148	138	ABX				148	138	-10	148	138	ABX
146	136	ABX				146	136	-10	146	136	ABX
144	134	ABX				144	134	-10	144	134	ABX
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Excellence Endures in a Few Stables of Closed-End-Fund Stability

By Aline Sullivan

INVESTING in closed-end funds is like betting on thoroughbred horse races: The same names keep cropping up among the winners.

At first glance, dark horses appear to be the best-performing closed-end funds. So far this year, the top seven of the 500 U.S.-domestic funds ranked by Lipper Analytical Services came from nowhere: They ranked in the bottom quarter over the past one, three and five years. But all are Asian single-country funds: four invest in South Korea, two in Thailand and one in Taiwan. They look good now because they did so badly before.

Investors looking for a more certain bet will find that the field is dominated, fairly consistently by a dozen or so investment houses. Templeton Investment Management, Salomon Brothers Asset Management, Invesco Asset Management, Morgan Stanley Asset Management, Alliance Capital Management and Robert Fleming & Co. are those most frequently mentioned by industry analysts. Templeton generates the most enthusiasm.

"Templeton really personifies what is good about foreign closed-end fund investment," said Michael Porter, a managing director and the closed-end fund specialist at Salomon Smith Barney in New York. "There is a system, philosophy and a performance record there that makes investors feel good about the house."

Thomas Herzfeld, director of Thomas J. Herzfeld Advisors Inc. in Miami, agreed.

"Investors can have a certain comfort in investing with a firm that has been at it a long time and achieved a long-term

success," he said. "We are great fans of Templeton, particularly of Mark Mobius."

Mr. Mobius' \$342 million Emerging Markets Fund has, on average, placed in the top third of Herzfeld's ranking of U.S.-domestic foreign funds over the past eight years.

Franklin Templeton, which has \$232 billion under management, runs 12 U.S.-domestic closed-end funds. Like other companies of its size, Templeton has the breadth — or "deep enough back bench," as one analyst described it — to change managers and objectives if need be.

That breadth can backfire, however. Some shareholders in Templeton's \$43 million Vietnam Opportunity fund are suing the fund and Mr. Mobius for plunging into Thai stocks just before the country's currency crisis. In a class-action lawsuit filed in Florida, they charge the fund and its manager with securities-law violations and breach of fiduciary duty.

The shareholders claim that the fund incurred huge losses by boosting its Thai holdings tenfold in the six months to September 1997 to account for 30 percent of the total, almost twice the proportion of its investments in what remained the stubbonly undeveloped market of Vietnam.

In January, Templeton bought back 3.8 million shares, or 44 percent of the total, at \$7.77 each, well down from the price of \$12.37 on Oct. 10. The shareholders argue that the fund could have saved \$30 million in those three months had they been allowed to vote on liquidating the fund.

Like many of its counterparts, however, the fund has produced a strong — 18.6 percent — return so far this year.

Shareholders in the Vietnam fund are scheduled to vote April 23 on changing its name to the Vietnam & Southeast Asia fund and on broadening its objective.

This week, The Money Report takes a look at closed-end mutual funds, an interesting and often-mysterious part of the financial markets. Like their open-ended cousins, they are companies that invest in a variety of financial instruments — such as stocks and bonds — to create portfolios for their own shareholders.

Unlike open-ended funds, however, the closed-end varieties do not continuously create and redeem shares for investors. In this, they are similar to regular public companies, which issue stock that is listed on an exchange or traded over the counter. People who want to invest in a company — or a closed-end fund — generally buy and sell shares through a broker.

One advantage of the closed-end structure is that the manager of such a fund can make investments without

worrying about shareholder redemptions. If holders turn negative on an open-ended fund, they can cash out immediately.

In times of market turmoil,

the could mean that an open-ended fund manager must sell holdings, perhaps at prices that are only temporarily depressed. To raise cash to meet redemptions, but a closed-end fund could be buying those distressed securities at bargain prices, immune from the

market's daily swings. Another ramification of the relative stability of closed-end funds is that they are a suitable vehicle for investing in illiquid markets, either for exotic securities or hard-to-enter markets.

This gives rise to a quirk of closed-end funds: The com-

bined price of all their shares may be quite different from the value of their investment portfolios. The investment portfolio divided by the number of outstanding shares gives the net-asset value. Investors are sometimes so anxious to buy shares in a closed-end fund

that they are willing to pay more than the NAV. For example, shares in some closed-end funds that target the depressed Asian stock markets are currently trading at premiums, although whether this is because investors are betting on a rapid recovery or buy shares in a closed-end fund

Closed-end funds often trade at discounts to their NAVs. For investors who think the discounts will narrow, this can present trading opportunities. But sometimes it can force funds to convert to open-end status, immediately raising the price of the shares to the net-asset value.

rants, can drive performance up in bull markets but can also force it disproportionately lower when conditions change.

"Beyond a handful of extremely gifted persons working for a few well-known houses, it is the asset class that drives performance," he said. "The more narrowly you cut up the package, the more risk you take on."

Many of the best-run closed-end funds tend to trade at a premium to their net-asset value, making them unattractive to some potential investors.

"It may be blasphemy, but sometimes I would rather buy a fund run by a bad manager if the discount is attractive enough," Mr. Herzfeld said.

For further information, contact:

• ALLIANCE CAPITAL MANAGEMENT, Telephone: 1 212 969 1000, or, toll-free in the United States, 1 800 215 5672. Web site: www.alliancecapital.com

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• ROBERT FLEMING & CO, Telephone: 41 1 297 5265, Web site: www.fleming.com.na

• JOHN HANCOCK ADVISORS, Telephone: 1 617 595 3900, or, toll-free in the United States, 1 800 546 7786. Web site: www.jhancocks.com/funds

• THOMAS J. HERZFELD ADVISORS, Telephone: 1 205 271 9900, fax: 1 305 270 1049, mailing address: P.O. Box 161465, Miami, Florida 33161. Herzfeld wills "Encyclopedia of Closed-End Funds," with information about 480 closed-end funds. It costs \$135.

• INVESTCO ASSET MANAGEMENT, Telephone: 41 1 211 454 3135, or, toll-free in Britain, 0800 010 333. Web site: www.investco.com

• MORGAN STANLEY ASSET MANAGEMENT, Telephone: 1 617 557 8000, or, toll-free in the United States, 1 800 546 7786. Web site: www.msc.com

• SALOMON BROTHERS ASSET MANAGEMENT, Telephone: 1 212 910 2102, or, toll-free in the United States, 1 800 546 7786. Web site: www.sbm.com

• SCUDERI STEVENS & CLARK, Telephone: 1 617 295 1000, or, toll-free in the United States, 1 800 223 3470. Web site: www.scudder.com

• TEMPLETON INVESTMENT MANAGEMENT, Telephone: 1 510 527 7500, or, toll-free in the United States, 1 800 325 5410. Web site: www.templeton.com

Industry analysts credit its success to the Zurich-based manager, Hans Ruedi Huber, who has run the fund since July 1992.

"It depends on the asset class," said Don Cassidy, senior research analyst at Lipper Analytical in Denver. "Some houses tend to manage good bond funds and others good equity funds. Some are better in the domestic arena, while others — such as Morgan Stanley, Templeton and Alliance Capital — do well internationally."

"But also look at the individual manager," he added. "Ultimately, it comes down to the person sitting in the chair."

Jon Teall, director of communications at Standard & Poor's Corp. in New York, cautioned that narrow asset classes or high-risk strategies, such as buying war-

rant funds, can drive performance up in bull markets but can also force it disproportionately lower when conditions change.

Beyond a handful of extremely gifted persons working for a few well-known houses, it is the asset class that drives performance," he said. "The more narrowly you cut up the package, the more risk you take on."

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that the arbitrage is not a perfect one, since the two funds' portfolios are not literally the same."

An investor who has doubts about the Thai market — but is sure that the American funds cost more than they should — could contact an internationally minded discount broker, like Charles Schwab Corp., and buy one of the London-listed funds and sell short one of the funds traded in New York. (A short sale involves borrowing stock and then selling it in the hope that its price will fall and the stock can be bought at a cheaper price later and handed back to the lender.)

Jeff Gerleman, who is in charge of foreign trading at Schwab, said the brokerage would charge \$29.95 for the first 1,000 shares plus 3 cents per additional share for each of the two transactions through its Internet trading network and somewhat more through conventional telephone trading. Investors would need to have cash in their accounts equal to half the value of the two trades, but they would not have to pay margin interest because the money from the short sales would be credited to their accounts.

Purchasing 10,000 shares of Siam Selective Growth would have cost \$4,825 (\$8,060), based on a recent price of 48.25 pence per share, slightly more than would be received from selling short 900 shares of the Thai Fund at \$8,875 each. The difference is that the trader would have picked up \$11,300 worth of Thai securities from the purchase but would only owe assets worth half as much, \$5,500, from the short sale.

A similar combination would be a short sale of the Indonesia Fund in New York, with a recent premium of 91 percent and a purchase of the London-listed Edinburgh Java Fund, which had a 2.2 percent discount. Funds specializing in other Asian markets show less exaggerated discrepancies.

The cause of the whopping premiums is difficult to fathom. Conventional notions about market sentiment suggest that they should only appear times of euphoria. Premiums on funds targeting Europe soared when the Berlin Wall fell in 1989, then swiftly eroded, taking share prices down with them.

Mr. Juhl reckons that traders of U.S. funds have become a more sophisticated breed than other market participants — astute contrarians who view country funds as the best way to get into a cheap market and out of an expensive one.

Funds elsewhere do not exhibit the same characteristics because of their relative illiquidity and lower premium volatility, he said, making them more interesting.

Continued on Page 17

In Volatile Asia, an Abundance of Perils and a Window of Novel Opportunity

Outlook Is Dismal For Closed-End Funds In Hard-Hit Region

By Philip Segal

ALTHOUGH there are some closed-end funds in Asia still worth looking at, plenty of others in the region have outlived their usefulness.

One closed-end manager who also runs an open-end fund investing in the same Asian country went so far as to question why anyone would bother with closed-end funds today, calling them "a resoundingly disappointing way to invest."

That is often, but not always, the case. It was once difficult to buy Thai or Hong Kong stocks in significant amounts, and single-country closed-end funds were worth a look. But it now seems odd that anyone wishing to sell a fund of highly liquid stocks should consider doing so at a discount to net-asset value — unless of course it was bought at an even deeper discount. Such opportunities exist but are increasingly more scarce.

Take the Greater China Fund, with a discount to NAV of 17 percent against a five-year average of 7 percent. Over three- and five-year periods ending Dec. 31, the fund's net-asset value had made it the second-best performer among China/Hong Kong/Taiwan funds, according to Lipper Analytical Services.

On the minus side, it holds easily available stocks traded in Hong Kong, such as Cheung Kong (Holdings) Ltd., China Resources Enterprise Ltd. and China Telecom (Hong Kong) Ltd.

The fund is currently at an attractive discount, but an investor has to consider where the discount will move when selling time arrives. But the fund was outperformed by an open-end competitor, HSBC PLC's G/F China Equity Fund.

On the other end of the liquidity scale, some Asian countries — such as Vietnam, which is still without a stock market — have proven to be such difficult business environments that funds invest-



ing there, unable to find enough attractive assets to buy, had to close.

The Lazard Freres Vietnam fund was liquidated a year ago, and Templeton's Vietnam country fund is facing a class-action suit by investors who say the managers are refusing to liquidate the fund after investing just 16 percent of its cash.

These are not the only funds that are winding up. As the Asian crisis grinds on, Jardine Fleming is rolling up its Asia Pacific Ltd. fund, listed in Australia, because its market price fell below 85 percent of NAV.

In the middle of the liquidity spectrum and better suited to closed-ends is Pakistan, which has a market featuring highly illiquid stocks in all but the top two or three companies on the Karachi exchange. Consider the Pakistan Investment Fund, which has traded at an average discount to NAV of 12 percent, but recently traded at a 15 percent discount.

There are still some attractive funds investing in the more-developed Asian markets. One is the New York-listed Asia Pacific Fund, which was rated "outperform" by Salomon Smith Barney on Feb. 2. Over the past five years, it has traded at an average premium to NAV of 0.79 percent, but recently was changing hands at a discount of 5.5 percent.

Over five years, the best strategy in owning this fund would have been to reinvest its dividends in the bond market. If these had been reinvested at 5 percent, total return would have been 32 percent.

Look also at the Martin Currie Pacific Trust, traded in London. At a 16 percent discount, this compares with a five-year average discount of 6.5 percent.

Another star performer is Taiwan

Fund Inc., recently trading at a 14 percent discount to NAV. This compares with a five-year average of a 1.3 percent premium. In five years, reinvesting the fund's disbursements would have made for a total return of 30 percent, but the fund pays out a lot of capital gains, which in many countries bring with them punishing taxes. Still, at year-end its NAV was up 65 percent in five years, second-best among Taiwan country funds not traded in Taipei.

An alternative is to look at Taiwan funds traded on the Taipei exchange. Hong Kong's Regent Pacific group has made good money doing this, but most of its favorites — among them China Growth Fund and NTC Fu-Yuan Fund — have seen the discounts to NAV compressed in recent months.

Regent also has an institutional Pacific Arbitrage fund, which invests in closed-ends across Asia. One of its favorites over the past year has been Westpac Property Trust in Australia, which has outperformed Australian stocks by 51 percent over five years. Another is the India Fund, which is listed in New York. Regent buys this fund's B shares, about which it is difficult to get information. The regular India Fund shares are still trading at a 15 percent discount to NAV, against a five-year average of 6.4 percent.

For those who can risk losing a little mad money, Jardine Fleming also runs a Hong Kong-listed India Fund, which on March 20 was trading at a 17 percent discount to NAV. Compare this with the NTC Fu-Yuan Fund, which is listed in New York, and this could be a smart purchase. Buying Indonesia, however, means placing a bet that could go sharply either way.

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Another star performer is Taiwan Fund Inc., recently trading at a 14 percent discount to NAV. This compares with a five-year average of a 1.3 percent premium.

But overall, Ms. Trebbi's performance is impressive. Her fund has slightly outperformed the Standard & Poor's 500-stock index, an American benchmark, since December, and I asked what she thought about Asia now.

"Looking at what some of these companies can earn over time," she said, "there are values. But you must be more selective."

JAMES GLASSMAN ON INVESTING

flat, while a U.S. counterpart such as General Electric Co. is up 18 percent.

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"Looking at what some of these companies can earn over time," she said, "there are values. But you must be more selective."

Robert Hrabchak agrees. He directs Asian investments for BEA Associates, a New York money manager. "We've had a euphoric rally," he told me, "and now we're at the show-me-the-money phase." But the Asian countries are not showing much at all.

"The markets are discounting a V-shaped recovery," he said, meaning investors think Asia will rebound sharply from its ills. "We think it will look more like a 'W.' There is quite a bit of disappointment to come."

I find myself agreeing with Mr. Hrabchak and Mr. Pelosky

WORLD ROUNDUP

Protest Withdrawn

SOCCER Borussia Dortmund has withdrawn its protest over its loss in the first semifinal leg of the Champions Cup to Real Madrid, but UEFA said Friday that it would pursue its own case against the Spanish team.

Dortmund filed the protest Thursday, less than 24 hours after it lost 2-0, in Madrid. The game kicked off with a 75-minute delay after Madrid fans collapsed one of the goal frames. A replacement had to be brought in from Real's training ground. Also, Dortmund officials said the other goal was slightly lower than mandated by soccer rules.

UEFA, soccer's governing body in Europe, did not say why the German team had withdrawn its protest. But Dortmund's manager, Michael Meier, indicated that he felt the protest would have had little chance of being accepted, as the referee of the match had consulted with the UEFA delegate before allowing the match to kick off.

UEFA said its disciplinary committee would discuss the case Sunday in Geneva. (AP)

Russian Skater Prevails

FIGURE SKATING Despite an overwhelming performance, the Russian Alexei Yagudin won the men's title at the world championships in Minneapolis. At 18, Yagudin is not yet a polished performer. He struggled with his jumping, but managed to land seven triple jumps.

The long program was won by Todd Eldredge, 26, the U.S. skater and 1996 world champion, but he was fourth in the short program had to settle for the silver medal overall. Yagudin's training partner, Yevgeni Plushenko, 15, finished second in the short program but fell three times in the long program and tumbled to third place. (NYT)



Yevgeni Plushenko of Russia on his way to a bronze medal.



Carlos Moya of Spain returning to Gustavo Kuerten of Brazil, who won.

Slovaks Poised for an Upset After Hrbaty Downs Norman

By Christopher Clarey -
International Herald Tribune

wrist. Magnus Larsson, the most experienced Davis Cup player remaining, is here with a presumably bruised ego.

But then a lot of fine players are sitting instead of sweating this weekend. The Americans are hosting the Russians in Stone Mountain, Georgia, without world No. 2 Pete Sampras or Michael Chang, although they do have the newly motivated Andre Agassi. The Czechs are playing the Swiss without Peter Korda. The Dutch are playing the Belgians without Richard Krajicek.

Even the stars who did manage to play on Friday did not necessarily prosper. Australia and Zimbabwe were tied, 1-1, after the U.S. Open champion, Patrick Rafter, another recent flu victim, was upset on grass at home in the inland city of Mildura by Byron Black 6-3, 6-2, 7-6 (7-0). Jason Stoltenberg defeated Black's younger brother, Wayne, in the opening rubber, 6-3, 6-4, 5-7, 7-5.

The new era for Germany's Davis Cup team began auspiciously as it took a 2-0 lead over South Africa on an indoor carpet in Bremen, Germany. The semi-retired Boris Becker, now the team manager, is not playing singles despite his love for indoor tennis, leaving that task to Germany's promising new duo: Nicolas Kiefer and Tommy Haas. Kiefer, who turned 20 last July, rallied to defeat Grant Stanford, 4-6, 4-6, 6-1, 6-2, 6-2, Haas, who turned 20 on Friday, upset Wayne Ferreira, 7-6 (7-2), 6-3, 6-4.

Rain affected play outdoors in Brussels and Genoa. In Zurich, the Czech Republic led Switzerland, 1-0, after Bohdan Uhlirach's 6-7, 7-9, 6-0, 7-5, 6-2 victory over Ivo Heuberger.

Across the Atlantic in the lively seaport of Porto Alegre, Brazil, Gustavo Kuerten showed that he has not lost his flair on clay since his stunning run to last year's French Open title. Kuerten rallied to defeat Carlos Moya of Spain, 5-7, 1-6, 6-4, 6-4, 6-4, in front of a customarily exuberant and unabashedly subjective home crowd.

"We honestly felt that Magnus and Mikael were the best two players we had," said Sweden's assistant captain, Anders Jarryd.

Jonas Bjorkman, the Swedish No. 1, is on the way to the flu; Thomas Enqvist, the Swedish No. 2, is home with an injured

elbow. The Swedes are 0-2.

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Denktash Prepare
to Meet U.S. Envoy

ANKARA — Rauf Denktash, the Turkish Cypriot leader, has prepared for his planned talks with Richard Holbrooke, a U.S. special envoy, the Turkish Cypriot news agency reported.

"It was a very constructive meeting," Thomas M. Maitland, a U.S. State Department coordinator on Cyprus, said after meeting Mr. Denktash in the U.S. capital's Turkish sector.

Mr. Holbrooke was scheduled to arrive in Cyprus later Friday to continue his talks with Mr. Denktash and Glavkos Klerides, the Greek Cypriot leader, to urge the two leaders to narrow their differences over the division of the island.

Pope Urged to Act in Vienna Dispute

VIENNA — Roman Catholic bishops in Austria appealed on Friday to Pope John Paul II to act "very soon" to end a dispute over a cardinal accused sexually molesting young boys.

In a statement, they also urged the cardinal, Hans Hermann Groer, to refrain from undertaking any more duties associated with his role as bishop.

Monsignor Groer also will take part in the pontiff's visit to Austria in June, said Cardinal Christoph Schoenborn, Monsignor Groer's successor as Archbishop of Vienna. Monsignor Groer is the cardinal of Vienna in 1998 when the accusations first surfaced.

NATO Chief Lays Bulgarian Reforms

SOFIA — Javier Solana, NATO's secretary-general, raised Bulgaria's reform program Friday and said the former Warsaw Pact member has a "real chance" of joining the Western defense alliance in future rounds of expansion.

Mr. Solana, after concluding a two-day visit to the Bulgarian capital, said that Bulgaria is moving in the right direction. But it also warned regional security and the conflict in the Serbo-Croatian war in Kosovo.

DATE

EU to "carry out" a pending study for the Aerial, Economic, Regional and Economic Conferences of the year, and to ban free sales.

The Van Gogh Museum in Amsterdam will close Saturday for a month overhauls that include a new wing.

A group of U.S. battery makers, including the Federal Aviation Administration, has prohibited passengers from using computers during flights, saying they may start a fire.

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DAVE BARRY

Killer Ducks! Beware!

MAMI—I imagine you sports fans are dying to learn the results of my golf tournament.

That is correct: I have a golf tournament. It used to be that you had to be a major star such as a Bob Hope or a Moammar Gadhafi to have one, but now anybody can. It has reached the point where, if you apply for a credit card, the first two blanks on the application are "Your Name" and "Name of Your Golf Tournament."

Mine is "The Dave Barry Classic," and it attempts to raise money for the American Red Cross. I'm a fan of the Red Cross, because after Hurricane Andrew devastated south Florida, the Red Cross provided us with the one thing we most desperately needed: showers. This was a godsend, because after a few days without plumbing, we all smelled like Eau de Athletic Supporter.

And so when the local Red Cross chapter asked me if I'd host a golf tournament, my answer, without one instant of hesitation, was: "I don't play golf." This is true, I don't have anything against golf; it's just that, if I'm going to play a sport, I want one that provides more aerobic benefits, such as "Rock, Paper, Scissors."

But I told the Red Cross people I'd host the tournament anyway, because I sincerely believe in "giving something back" to the community. Plus they said there would be beer.

The Dave Barry Classic was held at Doral Park, Florida, which is a residential golfing community catering to people who enjoy combining the pleasure of living in attractive homes with the pleasure of never knowing exactly when a small, hard, white sphere will penetrate your recreation room traveling upward of 140 miles per hour. This happens routinely because golfers have absolutely no idea what the golf ball is going to do once it hits it.

I say this after spending a day observing the golfers in my tournament. These were mostly middle-aged business guys who had come out because they truly believe in the ideals of the Red Cross, especially the ideal of holding a golf tournament on Friday afternoon.

Along with the business guys, we had some big celebrities on hand. I do not mean "big" in the sense of "famous"; I mean "big" as in "larger than your high school." For example, one was Charles (Gator) Bennett, a former defensive linemen with the Miami Dolphins. At one point, Gator playfully put his arm, which is the size of Keane Reeves, around my neck, thereby playfully shutting down my trachea for what at the time seemed like an eternity, but which in fact, as I look back on it, was probably only about 45 minutes. This is exactly why I had gym class. I was afraid that Gator would decide to snap me with a towel, and I would never walk again.

Not that I felt much safer on the golf course. For one thing, there were the killer ducks. The Doral Park course has a large colony of ducks that, after years of eating food dropped by golfers, have become large and aggressive. If

you stop your golf cart, they surround you, dozens of them, pretty much demanding that you give them something to eat.

"We can peck you to death," is their unmistakable message, "and the authorities will do nothing to us, because we are ducks."

More than once I found myself stomping on the accelerator and rocketing away at top golf-cart speed ("mosey"), with a herd of irate ducks waddling after me, like a terrifying scene from a Steven Spielberg movie called "Jurassic Duck."

But the scariest phenomenon on the golf course, as I noted earlier, is the golfers. Basically, every time they hit the ball, they go through two distinct phases:

PHASE ONE — They are a foursome of serious, middle-aged accountants, bankers, lawyers, doctors, etc., gathering around a golf ball, studying it intensely, as though it were an unexploded terrorist bomb. Then one of them takes a club, stands over the ball, waggles his butt around, hauls off and hits the ball, which leads to . . .

PHASE TWO — All four golfers instantly transform into lunatics, gyrating their bodies and screaming contradictory instructions at the ball ("STAY UP!" "GET DOWN!" "STAY DOWN!" "GET UP!"). But it goes wherever it wants, laughing the laugh of the truly carefree.

So what with the golfers and Gator and the gangsta ducks, it was a scary day out there on the "links." But I'm pleased to report that we got through The Dave Barry Classic without any unnecessary deaths, although as of this morning there still were several tee shots that had not yet returned to Earth, so if you live within 250 miles of Miami, you are advised to cower under your bed until further notice.

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I mean "big" as in "larger than your high school."

By Mary Blume
International Herald Tribune

PARIS — Last week's list of the 11 European Union countries qualified to join the single currency may have caused officials to beam in self-congratulation, but it could only bring a sigh from ordinary citizens as the day draws near when the familiar franc, lira, peso, mark or schilling will be replaced by a mere construct, the euro.

In France, where the notion of money is always invested with the anxiety of impermanence, the headlines were not reassuring: France Prepares Itself to Abandon Monetary Sovereignty, said *Le Monde*. In nine pages the weekly *l'Express* gave a user's guide to the euro, beginning with the statement that there are two ways of looking at it.

The first was as a leap into the unknown, not great, but the second was worse: 12 billion banknotes and 70 billion coins to exchange, computers to reprogram, prices to determine. The daily *Liberation* listed the five traps of a single currency so that "the switch to the euro does not become a nightmare."

But it is a nightmare in a country where people still talk in the old francs that ceased to exist in 1958, when much of today's population hadn't even been born. How to handle the grim day, June 30, 2002, at the latest, when the franc definitively disappears?

First, by showing off the new euro banknotes and coins, which in their smaller denominations will be called cents although the French word *centime* will continue to be acceptable. If one side of the coin will be facelessly European, the other side will have such reassuringly traditional figures as la Seineuse (a classically gowned woman strewing seeds) and the symbol of the republic, Marianne.

It is possible, if hard, in France, to look on the bright side.

While French currency now has 11 coins, with the euro there will be only eight. Current French banknotes include two of great potential confusion and unspeakable ugliness: the 100- and 200-franc bills, which bear fuzzy rufous portraits of Cézanne and Gustave Eiffel, looking improbably alike. Everyone hates the two banknotes to the point where one might ask if their introduction was not a subtle manner of making the tidy euro more welcome.

The same thought arises from a visit to an exhibition at the mint museum, "L'Euro et la Monnaie de Paris," a dimly lighted history of French coinage whose aim seems to be to show that the franc has occupied only a small part of the nation's monetary history, most of which has been passed in a state of such blind confusion that one can only wish that the unquestionably rational euro had come along sooner.

Actually, in a way it did. In 1865, Napoleon III convoked a group of European nations that formed the Union Latine with a view to deciding on a common currency. Everyone agreed it was a swell idea but the proto-euro never appeared.

The franc first came along, briefly, in 1360, in the middle of the Hundred Years War, to commemorate the fact that John the Good was free (or *franc*) from the British after a ransom payment of 3 million ecus. The franc was worth one *livre*, but it was just one of many coins circulating — the *pavillon d'or*, the *ange d'or*, the *florin Georges* — and in 1385 the franc was replaced by a gold *ecu* worth one *livre*, two *sous* and six *deniers tournois*.

It had been complicated from the start.

The Gauls inherited Roman coinage of seven denominations ranging from the *aureus* to the *quadran*. The Franks and Merovingians added their own names and then the Carolingians sensibly decided the *denier* would be the sole legal tender, a fine idea although its weight tended to vary according to who had nibbled at its edges — as did its aspect since workers at mints run by rural nobles and prelates were illiterate and so the word "Rex," for example, would be copied as a sickle in Nevers, while the initials of King Odo became a comb in Provins.

By the time of St. Louis the denier was no longer sufficient in a prospering economy. The *florin* from Florence and the Venetian *ducat* circulated, and in 1385 the franc was replaced by a gold *ecu* worth

press and a milling machine that made it harder to clip off the edges of valuable coins.

There were still more cents than sense as more and more coins appeared — the *ancre*, *florette*, *guyot*, the *blanc de couronne*, and the *gros du roi*, the *hardi* and the *liard*; then the *teston* in 1514 because Louis XII, in the Italian fashion, wanted his head on his coins.

If things were not confusing enough, during the 16th-century religious wars, Catholics and Protestants each issued coins. And during the wars the franc made a comeback, never as glorious as the *Louis d'Or* that Louis XIV issued in 1640 and that lasted until the creation of the Republic in 1792.

During the Revolution, private contractors, basing themselves on the statement in the Declaration of the Rights of Man that "all that is not forbidden is lawful" began to issue *monnaie de confiance*, which

inspired no confidence at all. Then, in 1795, France decided to go decimal in its weights, measures and coinage and Marianne appeared for the first time on a *decime*, or one tenth of a franc.

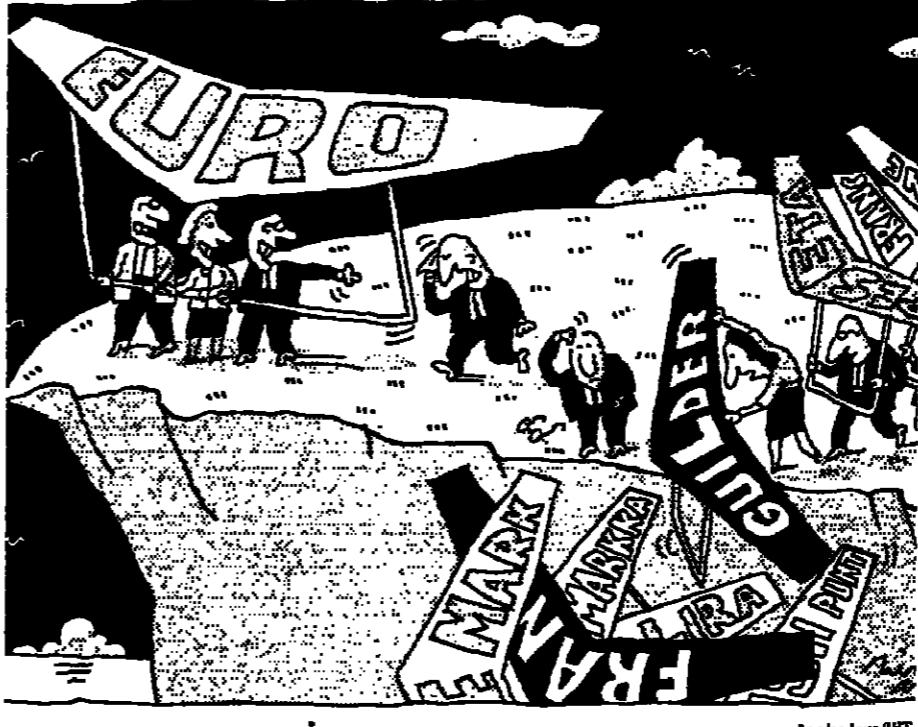
By 1803 a coinage system was established, based on the one-franc coin, whose weight in silver remained unchanged until World War I.

The same year the 20-franc "Napoleon" gold piece appeared and is still quoted on the Paris stock exchange although gold was withdrawn from circulation in 1914. After World War I, a coinage crisis resulted in the proliferation of tokens or *jetons*, which baffled Ezra Pound when he came across them in Nice.

A sort of *jeton* reappeared recently when, in preparation for the euro, some French towns temporarily traded in a sort of Monopoly money labeled "ecu" because that was the good French name that the public had been misled into believing the European currency would be given. No one knew what the *ecu*'s rate of exchange against the franc was, nor do they yet know what the franc-euro ratio will be, though *l'Express* suggests it will be a gashly 6.61538 francs per Euro.

Life may be smoother in the future but no less disquieting. How to be sure that the vanishing but palpable franc is given a just value against eurocratic denominations and how to deal with tradesmen who round off the unwieldy fractions in their favor?

As the successor of Philippe le Bel said in 1314, finding the royal coffers bare, "Where are the deniers held in the time of my father. . . . What is the exchange rate of all coins?"



Nicolas Auvray/HT

PEOPLE

PAYING RESPECTS — Former Cosmopolitan editor Henry Gurley Brown and her husband, David, arriving at a 30th-anniversary party for New York magazine.

In a farewell burst of talking, singing and cheering, Bella Abzug was memorialized in a ceremony that suggested the wide swath Abzug had cut in New York public life. The ceremony lasted for three hours and five minutes, and 22 people spoke or sang. Through it all, the feminist firebrand was remembered by what surely was one of the more eclectic groups to gather for a memorial service in recent years. Abzug died on Tuesday, at 77, from complications after heart surgery.

After 70 years of wandering between hotels, theaters and auditoriums, the Oscars are finally getting a permanent home. The Motion Picture Academy and Los Angeles will build a \$350 million complex in Hollywood, where the movie industry's premier event was born. It will include a 3,300-seat theater that will be the site of the annual Academy Awards show starting in 2001. Robert Rehme, president of the academy, proclaimed it "the beginning of a new era in Hollywood history."

The gig is up for Claude Berger, who

led a double life as a sedate member of the Quebec City Symphony Orchestra and a gun-owning member of the Hell's Angels motorcycle gang. The Quebec City newspaper *Le Soleil* reported that Berger was fired by the orchestra this week because of his arrest in April for possession of illegal firearms. Berger was the orchestra's third trumpeter and the orchestra has confined itself since his arrest to works that require only two trumpets.

Hundreds of women showed off their high kicks in hopes of dancing their way to the most famous chorus line in the United States. The open audition for the Rockettes, held at Radio City Music Hall in New York, was the scene of hope and heartbreak as anxious dancers stepped through a 20-second tryout. "It's all legs. That's what they're looking at," said Dina Peragina, a New York high school student who was trying out.

Flanked by a host of fellow rockers, Joe Walsh of the Eagles slipped the red ribbon to open a new wing at the Rock and Roll Hall of Fame and Museum in Cleveland. "You can't do it without

me," Little Richard shouted when he climbed onstage 10 minutes into the ceremony. The two were among the rock star delegation that included Michelle Phillips, Bo Diddley, Ike Turner and Sam Phillips. The drum-shaped new hall has listening kiosks equipped with headphones where fans can listen to 27,000 songs. There are also three giant video screens where film footage, music and interviews with the stars play nonstop.

Walter Matthau stuck his hands and feet in wet cement at Mann's Chinese Theatre in Los Angeles, cheered on by more than 500 people, including his frequent co-star Jack Lemmon.

Arrest for Diana Letters

The Associated Press
LONDON — Anna Ferretti, the ex-girlfriend of a former lover of Diana, Princess of Wales, was arrested at Waterloo train station Friday after allegedly trying to sell letters Diana wrote to James Hewitt to the London tabloid *The Mirror*.

AGENDA

you stop your golf cart, they surround you, dozens of them, pretty much demanding that you give them something to eat.

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